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SPECIAL BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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TUESDAY, SEPTEMBER 7, 1993 - 1:30 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

Note: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

REGULAR CALENDAR

1. File 74-93-1. [Tax Rate Setting] Ordinance providing revenue and levying taxes for City and County purposes for the Fiscal Year ending June 30, 1994. (Controller)

ACTION: Hearing held. To Board as Committee Report on Tuesday, September 7, 1993.

2. File 74-93-2. [Tax Rate Setting] Ordinance providing and levying taxes for San Francisco Unified School District purposes for the Fiscal Year ending June 30, 1994. (Controller)

ACTION: Hearing held. To Board as Committee Report on Tuesday, September 7, 1993.

3. File 74-93-3. [Tax Rate Setting] Ordinance providing revenue and levying taxes for San Francisco Community College District purposes for the Fiscal Year ending June 30, 1994. (Controller)

ACTION: Hearing held. To Board as Committee Report on Tuesday, September 7, 1993.

4. File 101-93-2.2. [Government Funding] Ordinance amending the Annual Appropriation Ordinance for Fiscal Year 1993-94, File No. 101-93-2, Ordinance No. 241-93, giving effect to revenue changes pursuant to Charter Section 6.208 and adjusting appropriations to meet the requirements of the Art Commission pursuant to Charter Section 6.400, and adjusting appropriations to meet the requirements of the Airport, as a pre-requisite to levy a tax pursuant to Charter Section 6.208. (Controller)

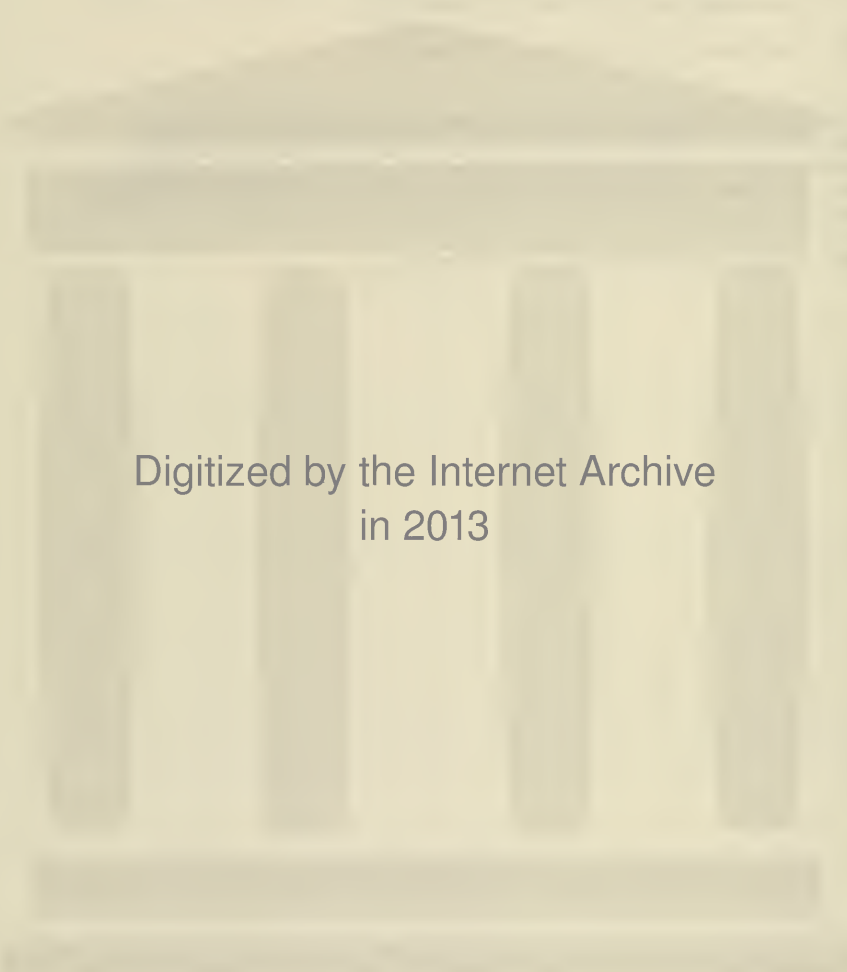
ACTION: Hearing held. To Board as Committee Report on Tuesday, September 7, 1993.

5. File 102-93-4. [Public Employment] Ordinance amending Annual Salary Ordinance, 1993-94, Department of Public Health, reflecting the addition of seven new positions and the deletion of seven positions (Classification AA57 Health Center Manager, and deletion of seven positions Classification 1372 Special Assistant XIII); companion measure to File 101-93-6. (Civil Service Commission)

ACTION: Continued to September 15, 1993 meeting.

6. File 101-93-6. [Government Funding] Ordinance appropriating \$462,687 for permanent salaries - miscellaneous and related fringe benefits and rescinding permanent salaries - miscellaneous and related fringe benefits, Public Health Services - Community Public Health Services for fiscal year 1993-94. (Supervisor Kaufman)

ACTION: Continued to September 15, 1993 meeting.



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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

September 3, 1993

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: September 7, 1993 Special Budget Committee Meeting

Items 1, 2 and 3 - Files 74-93-1, 74-93-2 and 74-93-3

The proposed ordinances would establish the 1993-94 property tax rates for the City and County of San Francisco (File 74-93-1), for the San Francisco Unified School District (File 74-93-2) and for the San Francisco Community College District (File 74-93-3). The rate proposed for the City's general tax rate of \$1.00 per \$100 of assessed valuation is the maximum allowable rate. The total tax rate of \$1.15, as calculated by the Controller, includes bond interest and redemption charges. There is no increase in the proposed rate, such that the 1993-94 rate would be the same as 1992-93.

<u>General Tax Rates</u>	Actual 1992-93 Rate	Proposed 1993-94 Rate	Increase (Decrease)
City and County of San Francisco:			
General Fund	\$0.86168319	\$0.84918319	(0.0125)
Children's Fund	.0125	.0250	.0125
Open Space Acquisition Fund	.0250	.0250	-
County Superint. of Schools	.00097335	.00097335	-
S.F. Unified School District	.07698857	.07698857	-
S.F. Community College District	.01444422	.01444422	-
Bay Area Air Quality Management District	.00208539	.00208539	-
Bay Area Rapid Transit District	<u>.00632528</u>	<u>.00632528</u>	-
Subtotal, General Tax Rate	\$1.00	\$1.00	-

Memo to Special Budget Committee
September 7, 1993

<u>Rates for Bonded Indebtedness</u>	Actual 1992-93 Rate	Proposed 1993-94 Rate	Increase (Decrease)
City and County of San Francisco	\$0.12002249	\$0.12208013	.00205764
S. F. Unified School District	.00417751	.00391987	(.00025764)
Bay Area Rapid Transit District	<u>.0258</u>	<u>.0240</u>	<u>(.0018)</u>
Subtotal, Bonded Indebtedness	<u>\$0.150</u>	<u>\$0.150</u>	-
Total Combined Tax Rate	\$1.15	\$1.15	-

The proposed tax rate ordinance reflects the above rates. However, Mr. John Madden of the Controller's Office reports that during the State's fiscal year 1993-94 budget deliberations, the State shifted \$86 million of property taxes from the City's General Fund to the San Francisco Community College District and the San Francisco Unified School District. As a result, the following rates reflect the anticipated effect of the proposed shift of these taxes:

<u>General Tax Rates</u>	<u>Tax Rate Ordinance</u>	<u>Estimated State Shift</u>	<u>Effect After State Shift</u>
City and County of San Francisco:			
General Fund	\$0.84918319	(\$0.25800000)	.59118319
Children's Fund	.0250	-	.0250
Open Space Acquisition Fund	.0250	-	.0250
County Superint. of Schools	.00097335	.	.00097335
S.F. Unified School District	.07698857	.21700000	.29398857
S.F. Community College District	.01444422	.04100000	.05544422
Bay Area Air Quality Management District	.00208539	-	.00208539
Bay Area Rapid Transit District	<u>.00632528</u>	<u>-</u>	<u>.00632528</u>
Subtotal, General Tax Rate	\$1.00	-	\$1.00

Rates for Bonded Indebtedness

City and County of San Francisco	\$0.12208013	-	\$0.12208013
S. F. Unified School District	.00391987	-	.00391987
Bay Area Rapid Transit District	<u>.0240</u>	<u>-</u>	<u>.0240</u>
Subtotal, Bonded Indebtedness	<u>\$0.150</u>	-	<u>\$1.50</u>

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Special Budget Committee
September 7, 1993

As compared with the current 1992-93 \$1.15 tax rate, the 1993-94 proposed \$1.15 tax rate will have the following effect on a tax bill for a \$300,000 residence:

<u>1992-93</u>	<u>Value</u>		<u>Property Tax</u>
Assessed Value (1991-92)	\$294,118		
Add Annual 2% Increase	<u>5,882</u>		
Subtotal	\$300,000		
Less Homeowners Exemption	<u>7,000</u>		
Total	\$293,000	÷ \$100 x \$1.15	\$3,369.50

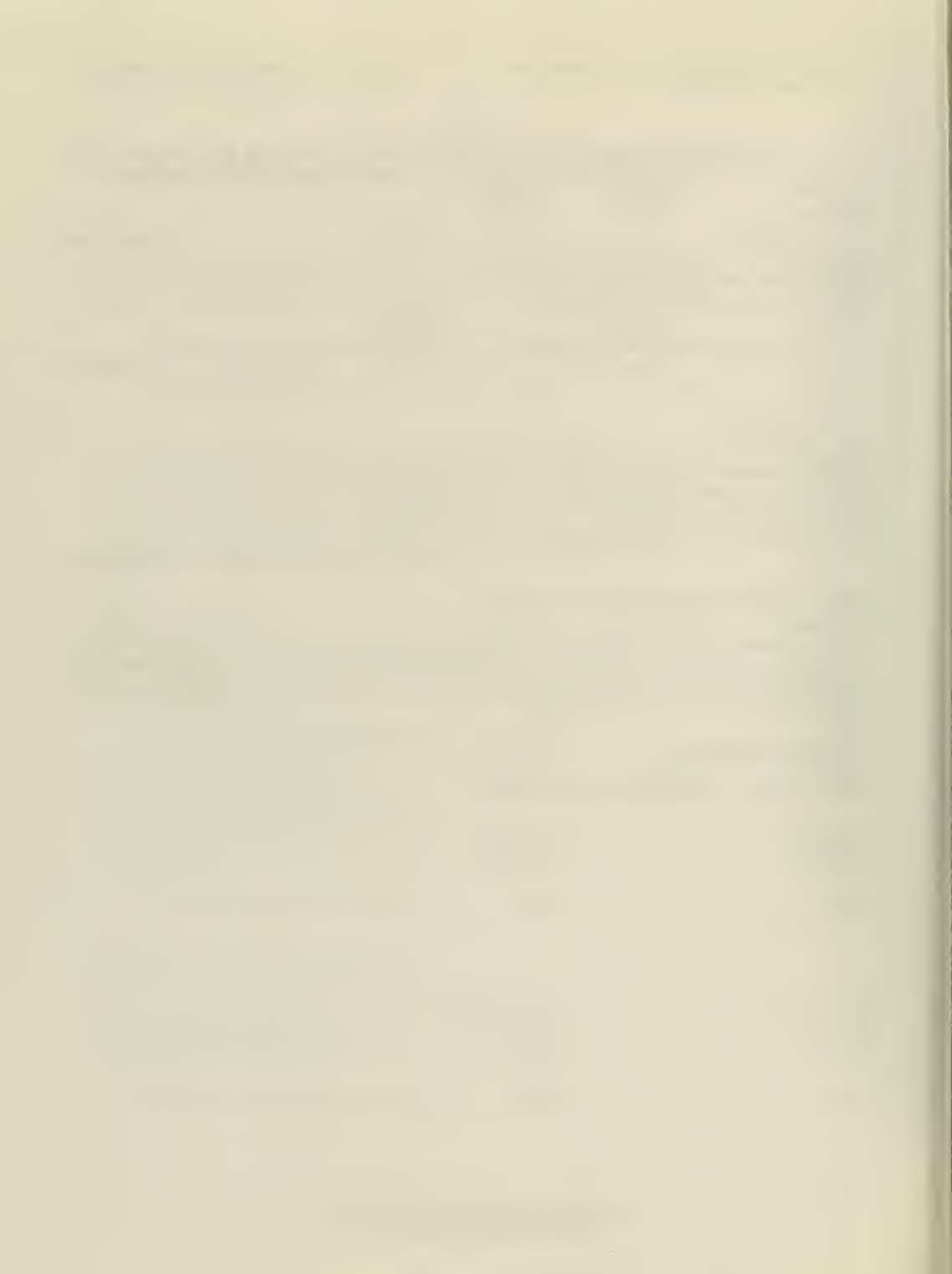
<u>1993-94</u>			
Assessed Value (1992-93)	\$300,000		
Add Annual 2% Increase	<u>6,000</u>		
Subtotal	\$306,000		
Less Homeowners Exemption	<u>7,000</u>		
Total	\$299,000	÷ \$100 x \$1.15	<u>\$3,438.50</u>

Net Increase in Property Tax Bill	\$69.00
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As indicated above, homeowners would experience an increase due to normal inflation at the two percent rate, as allowed under Proposition 13. This inflationary increase results in additional taxes of \$69 in the example of a \$300,000 residence reflected above.

Recommendation

Approve the proposed ordinances.



Item 4 - File 101-93-2.1

The proposed ordinance would amend the previously approved 1993-94 Annual Appropriation Ordinance (File No. 101-93-2), giving effect to revenue changes pursuant to Charter Section 6.208 and adjusting appropriations to meet the requirements of the Art Commission pursuant to Charter Section 6.400 (a) (2) (E) and adjusting appropriations to meet the requirements of the Airport, as a prerequisite to levy a tax pursuant to Charter Section 6.208. The proposed ordinance would make the following revenue and expenditure adjustments to the 1993-94 City budget:

- Appropriate additional funds in the amount of \$35,505 to the Art Commission for the Municipal Symphony Orchestra (one-eighth cent per \$100 of assessed valuation) as required by Charter Sections 6.400 (a) (2) (E) and 6.414.
- Reduce the revenues for the Airport by \$7.8 million based on a change in the landing fee revenues.

Comments

1. The 1993-94 budget included \$686,167 for the Art Commission expenditures for the Municipal Symphony Orchestra. The proposed ordinance would increase this appropriation by \$35,505 to \$721,672 for fiscal year 1993-94. According to the Controller's Office, the proposed adjustment would have a net effect of decreasing the General Fund - General Reserve by \$35,505 from \$10,511,484 to \$10,475,979.

2. The 1993-94 budget included \$27,242,731 of revenue for the Airport, based on projected estimates for airline landing fees. Based on a new schedule of airline terminal rates, adopted by the Airport Commission on August 17, 1993 (Resolution No. 93-0168), the proposed ordinance would reduce the estimate for airline landing fee revenues by \$7.8 million to \$19,442,731. This proposed adjustment would have a net effect of decreasing the overall Airport Operating Revenues in the Annual Appropriation Ordinance for 1993-94.

4. In addition to the General Fund - General Reserve balance of \$10,475,979, the City has General Fund Reserves totalling \$43,062,367, as detailed on the Attachment. Therefore, as reflected in the Attachment, a total of \$53,538,346 of General Fund Reserves remain in the fiscal year 1993-94 budget.

Recommendation

Approve the proposed ordinance.

GENERAL FUND RESERVES

Attachment

BALANCES AT JULY 31, 1993

<u>T I T L E</u>	<u>CARRY FORWARD 1992-93</u>	<u>BUDGETED 1993-94</u>	<u>TOTAL</u>
Emergency Reserve Fund	4,498,046		4,498,046
Salary Standardization Reserve		1,815,944	1,815,944
Reserve for Litigation	2,858,870	5,680,000	8,538,870
Potential Audit Adjustments		4,500,000	4,500,000
Employee Displacement		2,251,492	2,251,492
Collective Bargaining Fringe		500,000	500,000
<u>Board Created Restoration Reserves - Six Month Restorations:</u>			
Public Health Tier One & Two		9,200,000	9,200,000
Library - Replace Parcel Tax		4,000,000	4,000,000
Municipal Railway Maintenance		2,050,000	2,050,000
DPH Childrens' Fund (net)		-1,600,000	-1,600,000
DPW Street Cleaning Program		500,000	500,000
Zoo Partnership		200,000	200,000
DSS SSI Resource Center		200,000	200,000
Misslon Alcohol Abuse Program		75,000	75,000
DMSF C E & I Program		60,000	60,000
<u>Board Created Restoration Reserves - Full Year Restorations:</u>			
Human Rights Commisssion		155,000	155,000
Rec Centers - Sunday Programs		140,000	140,000
Tax Collector Enhancements		140,000	140,000
Senior Information & Referral		100,000	100,000
Medical Examiner Toxicologist		85,000	85,000
Senior Escort Program		29,000	29,000
Neighborhood Cultural Centers		26,000	26,000
Day Laborer Program		20,000	20,000
<u>Controller's Reserves:</u>			
General Assistance		3,178,015	3,178,015
Police Overtime		<u>2,400,000</u>	<u>2,400,000</u>
	7,356,916	35,705,451	43,062,367
General Reserve Unallocated	<u> </u>	<u>10,475,979</u>	<u>10,475,979</u>
	<u>\$7,356,916</u>	<u>\$46,181,430</u>	<u>\$53,538,346</u>

Items 5 and 6 - Files 102-93-4 and 101-93-6

Department: Department of Public Health (DPH)
Community Health Services

Item: Ordinance (File 102-93-4) amending the Annual Salary Ordinance, 1993-94, Department of Public Health, reflecting the addition of seven new positions and the deletion of seven positions (Classification AA57 Health Center Manager, and deletion of seven positions Classification 1372 Special Assistant XIII).

Supplemental appropriation ordinance (File 101-93-6) for permanent salaries - miscellaneous and related fringe benefits and rescinding permanent salaries - miscellaneous and related fringe benefits, public health services - Community Public Health Services for fiscal year 1993-1994.

Amount: \$462,687

Source of Funds: General Fund, included in the Department of Public Health, Community Health Services 1993-94 approved budget.

Description: The 1993-94 budget as approved by the Board of Supervisors, included funding for seven 1372 Special Assistant XIII positions. These newly-created positions would have been used to manage seven District Health Centers throughout San Francisco: Health Centers #1, #2, #3, #4, #5, Southeast Health Center and the Tom Waddell Clinic. The District Health Centers were previously managed using 2248 Clinical Director positions. The use of 1372 Special Assistant XIII positions is part of a Community Public Health Services (CPHS) reorganization whereby lower classifications would be used to manage the Health Centers.

The Civil Service Commission subsequently reviewed the use of 1372 Special Assistant XIII positions and found that rather than utilizing this special classification, which is used for positions of limited duration where there are no existing appropriate classifications, it would be more appropriate to create an "A" classification, that indicates a new position in a new classification, and move immediately to classify the new duties and responsibilities and make appointments to the positions.

Memo to Special Budget Committee
September 7, 1993

The proposed ordinances (Files 101-93-6 and 102-93-4) would provide the necessary changes to the 1993-94 Annual Appropriation Ordinance and 1993-94 Annual Salary Ordinance to replace the 1372 Special Assistant XIII positions with positions in the new "A" classification, as AA57 Health Center Managers, pending formal classification actions by the Civil Service Commission. As reflected below, the salary would be the same for both classifications, such that the proposed ordinances would neither increase nor decrease the cost to the City.

**Positions to
be Added:**

<u>Class</u>	<u>Personnel</u>	<u>FTE</u>	<u>Maximum Annual Salary</u>	<u>Total Maximum Salaries</u>
AA57	Health Center Manager	7.00	\$71,436	\$500,052

**Positions to
be Deleted:**

<u>Class</u>	<u>Personnel</u>	<u>FTE</u>	<u>Maximum Annual Salary</u>	<u>Total Maximum Salaries</u>
1372	Special Assistant XIII	7.00	\$71,436	\$500,052

Comments:

1. As noted above, the 1372 Special Assistant XIII positions are included in the approved FY 1993-94 budget. The Department of Public Health (DPH) is requesting authorization to delete these positions from the 1993-94 budget and instead utilize AA57 Health Center Manager positions. Because the positions added and deleted to the 1993-94 budget would be for the same budgeted salary amounts (\$462,687), and because these positions have the same maximum salaries at the top salary step, the proposed ordinance (File 101-93-6) would not result in an increase to the DPH's FY 1993-94 budget.

2. According to Dr. Sandra Hernandez of the DPH, since all of the positions are currently vacant, the DPH has been actively interviewing candidates for the AA57 Health Center Manager positions and candidates will be selected within a few days. Dr. Hernandez reports that because of the urgency to fill the positions, she anticipates that the positions will be filled by September 15, 1993, pending authorization from the Board of Supervisors. Therefore, the proposed supplemental appropriation ordinance (File 101-93-6) should be amended to

BOARD OF SUPERVISORS
BUDGET ANALYST

reduce the appropriation amount for salaries by \$95,742, from \$462,687 to \$366,945 to reflect the 5.4 biweekly pay periods that the seven positions will be vacant. This \$95,742 salary savings plus an additional \$14,361 in savings from the corresponding Mandatory Fringe Benefits would achieve a total savings of \$110,103, as follows:

	<u>DPH Request</u>	<u>Budget Analyst Recommendations</u>	<u>Savings</u>
CPHS- Health Care Centers	\$337,943	\$268,013	\$69,930
Public Health Services	62,372	49,466	12,906
AIDS - Health Center	62,372	49,466	12,906
Mandatory Fringe Benefits	<u>0</u>	<u>(14,361)</u>	<u>14,361</u>
Total	\$462,687	\$352,584	\$110,103


The total savings of \$110,103 reflected above should be credited by the Controller to the City's General Fund - General Reserve.

3. Charter Section 6.306 indicates that any requested departmental budget item that had been rejected by the Mayor or Board of Supervisors shall require a vote of two-thirds of all members of the Board of Supervisors to reinstate the departmental request. Although the seven specific AA57 Health Center Manager positions were not denied in the Mayor's recommended budget or rejected by the Board of Supervisors, the Controller's Office recommends that since similar positions were requested by the Department, Section 6.306 of the Charter applies to the proposed ordinance (File 101-93-6). Mr. Ted Lakey of the City Attorney's Office concurs with this recommendation. Therefore, the proposed ordinance (File 101-93-6) will require approval by eight members of the Board of Supervisors.

Recommendations: 1. Amend the proposed ordinance (File 101-93-6) to reduce the amount by \$110,103 from \$462,687 to \$352,584 to reflect the salary and fringe benefit cost savings associated with the seven vacant AA57 Health Center Managers. These savings should be credited by the Controller back to the City's General Fund - General Reserve. Approve the proposed ordinance (File 101-93-6) as amended.

Memo to Special Budget Committee
September 7, 1993

2. Approve the proposed ordinance (File 102-93-4).


for Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

**BOARD OF SUPERVISORS****BUDGET ANALYST**

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

September 3, 1993

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: September 8, 1993 Budget Committee Meeting

Item 1 - File 168-93-3

Departments: Real Estate Department
Recreation and Park Department (RPD)

Item: Resolution authorizing acquisition of real property identified as City and County of San Francisco Assessor's Block 5614, Lots 47 through 50 for open space purposes; and adopting findings pursuant to City Planning Code Section.

Location: San Francisco Assessor's Block 5614 (Lots 47, 48, 49, and 50) is situated on the northwestern slope of Bernal Heights, on the uphill side of Bonview Street.

Property Description: The proposed property consists of four vacant lots containing 1,750 sq. ft. each, for a total area of 7,000 sq. ft. This property is surrounded on three sides by existing Recreation and Park Department Open Space. Lots 47, 48 and 49 are owned by Mr. Mark A. Rasmussen. Lot 50 is owned by Ms. Leonora Bailey.

Amount: Lots 47, 48 and 49 would be purchased for a total of \$325,000 and Lot 50 would be purchased for \$110,000 for a grand total of \$435,000.

Source of Funds: Open Space Acquisition and Park Renovation Fund

Comments:

1. The Recreation and Park Commission has approved this acquisition for Open Space purposes and the funds are appropriated in the Department's FY 1993-94 budget. Mr. Phil Arnold of the RPD advises that the amount budgeted in the Open Space Acquisition and Park Renovation Fund for FY 1993-94 is \$15,940,000 of which \$5,713,500 is available to be expended for acquisition and development of property. The Real Estate Department reports that the purchase prices of the properties represent the current fair market value.

2. The Department of City Planning reports that the proposed acquisition of the properties is in conformity with the Open Space Element of the City's Master Plan and is consistent with the eight priority policies of the City Planning Code Section 101.1.

3. According to Mr. Ken Chopping of the Real Estate Department, as of FY 1992-93, the total assessed valuation of the properties to be acquired was \$7,288. Based on the 1992-93 fiscal year tax rate of \$1.15 per \$100 of assessed valuation, the taxes paid to the City on the properties were approximately \$84. Once the City purchases these properties, such taxes would no longer be paid to the City.

4. Mr. Arnold advises that the proposed properties would be acquired for the purpose of maintaining their natural undeveloped state. According to Mr. Arnold, the properties together form the last privately owned land in an area which is otherwise publicly owned. Mr. Arnold advises that since the properties would remain in a natural state, only minimal maintenance (i. e., removing weeds) would be required. Such maintenance would, according to Mr. Arnold, be absorbed in the RPD's on-going Open Space maintenance budget. Mr. Arnold notes that the RPD's 1993-94 budget includes a new Gardener Assistant Supervisor position, which is assigned to the Department's Open Space maintenance program.

Recommendation: Approval of Open Space Acquisitions is a policy matter for the Board of Supervisors.

Item 2 - File 172-93-38

Department: Chief Administrative Officer

Item: Resolution finding and determining that the Richmond Transport Project will protect and preserve the environment and that the use of State loan funds is the most cost effective method of financing the project; authorizing the application for the execution of loan agreements not to exceed approximately \$55 million.

Description: The Richmond Transport Project is required in order to comply with the mandates of the California Regional Water Quality Board and the U.S. Environmental Protection Agency to reduce combined sewer overflows at or near Baker's Beach from 40 to 8 per year. The main component of the Richmond Transport Project is the construction of the Richmond Transport/Storage Facility. The Richmond Transport/Storage Facility is a 14 foot diameter, 10,200 foot long tunnel which would bring sewage from the Richmond District to the Westside Transport and then to the Oceanside Treatment Plant. The Richmond Transport Project would also remove the concrete overflow structure at Baker Beach and relocate the overflow point from Baker Beach to an area where there is no public access to the water (Mile Rock outfall). In addition, the Richmond Transport Project would include a) sewer improvements in the Seacliff area and the Richmond District and b) repaving of the Great Highway.

City Charter Section 7.300(6) specifies that the City may accept loans directly from the State of California for projects that are intended to protect or preserve the environment, where the acceptance of the loan would be the most cost effective method of financing such projects. The Charter further specifies that the determination of what constitutes the most cost effective method of financing shall be made by resolution to the Board of Supervisors, based on a recommendation by the Chief Administrative Officer.

The Chief Administrative Officer (CAO) has advised the Board of Supervisors that use of the State Revolving Fund loan for the construction of the Richmond Transport Project is the most cost effective method of financing the project. The proposed resolution would authorize the Director of Public Works to apply for and enter into loan agreements not to exceed approximately \$55 million.

Comments: 1. In accordance with Charter Section 7.300(6), the CAO has determined that the City's acceptance of a State loan for up

to approximately \$55 million is the most cost effective method of securing financing for the construction of the Richmond Transport Project (see Appendix A for the results of the analysis and see Appendix B for the methodology).

2. The total project costs of the Richmond Transport Project are \$55 million. The current financing of this project is entirely funded through Sewer Revenue Bonds that have been previously appropriated by the Board of Supervisors through the Capital Improvement budget during the annual budget process for fiscal year 1993-94. Under the proposed resolution, the Department of Public Works would be authorized to apply and use \$55 million in State loan funds. A cost comparison between these two financing schemes is as follows:

	<u>Sewer Revenue Bonds</u>	<u>State Loans</u>	<u>Savings</u>
Amount	\$55.0 million	\$55.0 million	\$0
Issuance Costs*	\$1.4 million	\$0	\$1.4 million
Interest Costs	<u>\$40.7 million</u>	<u>\$19.6 million</u>	<u>\$21.1 million</u>
Total	\$97.1 million	\$74.6 million	\$22.5 million
Estimated Annual Payment	\$4.9 million	\$3.7 million	\$1.2 million

*Issuance Costs would be saved as a result of future bond issuances. (See Comment #5).

As noted above, an estimated \$21.1 million would be saved, given the difference in the interest rate of 5.84 percent for Sewer Revenue Bonds and 3.10 percent for the State Loan, a difference of 2.74 percent.

3. The total estimated construction costs for the proposed Richmond Transport Project are \$55 million. The City's annual payment to the State to pay off the loan principal and interest would be \$3.7 million for 20 years, or a total of approximately \$74.6 million and would be paid for from sewer service charge revenues. This compares with approximately \$97.1 million to pay off Sewer Revenue Bond funds.

4. The Budget Analyst concurs with the CAO that it would be more cost effective to use State loan funds than to use proceeds from the City's Sewer Revenue Bonds. The final Environmental Impact Report for the Richmond Transport Project was certified by the City Planning Commission on June 28, 1990. Construction of the Richmond Transport Project is scheduled to begin this month.

5. If the Department of Public Works is authorized to borrow up to \$55 million from the State, the following total project funds would be available:

up to \$55 million	State Loans
	Sewer Revenue Bonds
<u>55 million</u>	(previously appropriated)
up to \$110 million	Total Available Funds

The estimated total savings from borrowing State loans instead of using Sewer Revenue Bonds is \$22.5 million. This savings is based upon State loan funds being used for the Richmond Transport Project, because the State will only reimburse the City for expenditures previously incurred. Although there would still be an estimated savings of \$22.5 million, assuming the same rates of interest, these State loans would be applied to future projects, rather than being used for the Richmond Transport Project.

According to Mr. Bob Hesse of the Department of Public Works (DPW), the up to \$55 million in State loan funds would be utilized as an alternate revenue source to be reinvested at a higher interest rate to fund future Clean Water Capital Projects. Although there are available funds in the amount of \$110 million, only \$55 million of Sewer Revenue Bond funds has been appropriated by the Board of Supervisors. Any further appropriations would be subject to approval by the Board of Supervisors. In addition, Mr. Hesse reports that if the DPW receives up to \$55 million from the State, the savings would result from reducing the total amount of Sewer Revenue Bonds that will have to be issued in the future. Therefore, there is an estimated \$1.4 million in issuance cost savings that is included in the total savings of \$22.5 million. Mr. Hesse states that this would not eliminate the need for future bond fund issuances. For every dollar the Department of Public Works receives from the State Revolving Fund loan, there should be a proportionate decrease in the amount of Sewer Revenue Bonds issued in the future. Therefore, the estimated savings of \$22.5 million would only occur if future Sewer Revenue Bond funds were

reduced by the corresponding amount that is borrowed from the State.

6. The proposed resolution would provide the Department with authorization to execute up to \$55 million in loan agreements with the State, and the estimated savings of \$22.5 million would occur only if future Sewer Revenue Bond funds were not issued by the corresponding amount that is borrowed from the State. Therefore, prior to executing any loan documents with the State, the DPW should report back to the Board of Supervisors with capital project financing details which clearly demonstrates a reduction in the amount of Sewer Revenue Bonds issued.

Recommendations: 1. Approve the proposed resolution.

2. Request that the Department of Public Works report back to the Board of Supervisors with capital project financing details which clearly demonstrates a reduction in the amount of Sewer Revenue Bonds to be issued.

APPENDIX A

FILE: STORMAR

CLEAR WATER PROGRAM

19-Jul-93

ANALYSIS: STATE LOAN AND REVENUE BOND

RICHMOND TRANSP. LOAN AUTHORIZATION: 55,000,000

	STATE LOAN @ 3.10%	REVENUE BOND @ 5.84%
INTEREST RATE	3.10%	5.84%
TERM:	20	20
CONSTRUCTION FUND	55,000,000.00	55,000,000.00
ISSUE COST: 2.3124%	0.00	1,439,862.05
TOTAL LOAN/BOND AMOUNT	55,000,000.00	56,439,862.05
REPAYMENT:		
YEAR 1	(3,731,127.63)	(4,856,963.16)
2	(3,731,127.63)	(4,856,963.16)
3	(3,731,127.63)	(4,856,963.16)
4	(3,731,127.63)	(4,856,963.16)
5	(3,731,127.63)	(4,856,963.16)
6	(3,731,127.63)	(4,856,963.16)
7	(3,731,127.63)	(4,856,963.16)
8	(3,731,127.63)	(4,856,963.16)
9	(3,731,127.63)	(4,856,963.16)
10	(3,731,127.63)	(4,856,963.16)
11	(3,731,127.63)	(4,856,963.16)
12	(3,731,127.63)	(4,856,963.16)
13	(3,731,127.63)	(4,856,963.16)
14	(3,731,127.63)	(4,856,963.16)
15	(3,731,127.63)	(4,856,963.16)
16	(3,731,127.63)	(4,856,963.16)
17	(3,731,127.63)	(4,856,963.16)
18	(3,731,127.63)	(4,856,963.16)
19	(3,731,127.63)	(4,856,963.16)
20	(3,731,127.63)	(4,856,963.16)
TOTAL	(74,622,552.69)	(97,139,263.29)
PRINCIPAL PAID	55,000,000.00	56,439,862.05
INTEREST PAID	19,622,552.69	40,699,401.24

APPENDIX B

The attached analysis compares the cost of borrowing from the California State Revolving Fund (SRF) loan program versus issuing revenue bonds.

For purposes of this analysis, we have assume a 20 year term for both options. The amount generated for the construction fund is \$55 million in both cases, but the actual amount borrowed would have to be different in each case to account for issuance costs incurred in selling bonds. In the case of the SRF loan, there are not any issuance costs. In the case of revenue bonds, we estimate issuance costs or \$1.439 million for professional services, underwriter discount, reserve fund insurance and bond insurance. These issuance costs are based on the 1992 sewer revenue bonds refinancing. The State currently expects to lend SRF funds at one half the interest rate of the most recent general obligation bond. We have estimated the loan interest rate to be 3.10%. In contrast, the interest rate for the sewer revenue bonds is 5.84% based on the 1992 revenue bond refinancing.

This analysis shows that the SRF loan at 3.10% interest is significantly more cost-effective than borrowing via the sewer revenue bonds. Specifically, with the SRF loan, the total debt service payment would amount to \$74.623 million over the 20 year term of the loan, while the revenue bonds debt service would require \$97.139 million. The total interest cost on the SRF loan would amount to \$19.623 million compared to \$40.699 million for the revenue bonds.

Item 3 - File 97-93-14

Note: This item was continued at the Budget Committee meeting on April 7, 1993.

Department: Department of Social Services (DSS)

Item: Ordinance amending the San Francisco Administrative Code by amending Section 10.157, to increase the amount held in the Department of Social Service's Revolving Fund from \$20,000 to \$40,000.

Source of Funds: DSS 1993-94 budget

Description: Section 10.157 of the Administrative Code currently provides for a Cash Revolving Fund (Fund) for the DSS in the amount of \$20,000. The proposed ordinance would amend Section 10.157 of the Administrative Code to increase the cash revolving fund for the DSS by \$20,000 from \$20,000 to \$40,000.

Revolving funds are established to accommodate Departments' needs for petty cash, urgent, non-recurring purchases, and small repairs. As revolving fund purchases deplete the revolving fund, requests for reimbursement, accompanied by Direct Payment Vouchers, are submitted to the Controller's Office. These Direct Payment Vouchers provide a detailed list of all expenditures and the source of funds for each expenditure. The Controller's Office subsequently replenishes a Department's revolving fund for the amount of the Direct Payment Voucher. The Controller's Office advises that there are varying limits on the size of the in-house payments and that the DSS' individual check writing limit has been set at a maximum of \$200 per check.

Comments: 1. Ms. Sally Kipper of the DSS reports that new public assistance programs such as Greater Avenues for Independence (GAIN) have increased the number of checks written each month and thus created a more rapid depletion of the DSS Revolving Fund. Ms. Kipper advises that programs such as GAIN are designed to help economically disadvantaged persons by purchasing self-improvement items for them such as job interviewing clothes and books for school. Ms. Kipper reports that due to the increase of such programs, more money flows through the DSS Revolving Fund each month because more checks are being written, thus causing a more rapid depletion of the Fund.

2. According to Mr. Ray Sullivan of the DSS, the Fund has, at times, been seriously depleted due in part to the prolonged

delay for reimbursement. Mr. Sullivan reports that the DSS must wait for program recipients to provide the DSS with a receipt of purchase before the DSS can submit a Direct Payment Voucher to the Controller. Mr. Sullivan advises that recipients often are not prompt in giving their receipts to DSS, which delays the reimbursement process. In addition, Mr. Sullivan advises that once the Direct Payment Voucher is submitted to the Controller's Office, there is a one-week turn-around period for reimbursing the Revolving Fund. Mr. Sullivan reports that this makes it difficult for the DSS to pay its smaller bills (\$200 or less) in a timely manner.

3. Mr. Sullivan reports that the DSS writes an average of approximately 300 checks per month at an approximate average of \$100 per check, or approximately \$30,000 per month (\$10,000 over the current Revolving Fund maximum of \$20,000). The DSS reports that if the maximum Revolving Fund amount were increased by \$20,000 from \$20,000 to \$40,000, the DSS could pay its bills in a timely manner and sufficiently cover the amount of checks written each month. The Budget Analyst concurs with the analysis of the DSS.

4. Since this is a request to increase a revolving fund and not a line item expenditure, increasing the maximum Fund amount by \$20,000 from \$20,000 to \$40,000 does not increase City expenditures. Mr. Harold Gueterslough of the Controller's Office reports that each expenditure is reviewed by the Controller who has the authority to deny any of them and refuse reimbursement.

5. The proposed ordinance would only amend the Administrative Code to authorize a \$40,000 Revolving Fund for DSS or \$20,000 more than the current Fund. The needed increased funds of \$20,000 were included in the DSS 1993-94 approved budget.

Recommendation: As previously noted, the funding was previously approved by the Board of Supervisors in the 1993-94 budget. Therefore, approve the proposed ordinance.

Item 4 - File 97-93-44

Note: This item was continued by the Budget Committee at its meeting of August 25, 1993.

Department: Assessment Appeals Board (AAB)

Item: Ordinance amending the San Francisco Administrative Code by adding Section 2B.9 to require payment of a fee for filing an application for refund with the Assessment Appeals Board, increasing the fee for written findings of fact and conclusions, and increasing the compensation of members of the Assessment Appeals Board.

Description: I. Filing Fees

The number of assessment appeals filed with the Assessment Appeals Board (AAB) by taxpayers each year has increased from approximately 650 in 1990 to more than 970 in 1992, or by 49 percent, thus increasing the number of days per year required by the AAB to hear and determine the appeals. Because the members of the AAB are paid per diem, the increase in appeals has increased the AAB's costs of operation. The AAB's overhead, clerical costs, costs of reproduction of audio-tapes and graphics, and legal fees have also increased as a direct result of the increase in numbers of appeals and hearing days.

Currently, no fee is required to file an assessment appeal with the AAB. In order to cover the costs of hearing and determining assessment appeals, the proposed ordinance would require a taxpayer filing an assessment appeal with the AAB to pay a filing fee. Since the AAB's cost to hear and determine an appeal generally increases in direct proportion to the assessed value of the property affected by the appeal, the filing fee for an assessment appeal would be based on the current assessed value of the property affected by the appeal. The filing fee would be determined such that properties within ranges of assessed value that generally require the same expenditure of time for hearing and determination by the AAB would pay the same filing fee. The fee would not exceed the AAB's total cost to hear and determine the appeal. The following is the proposed schedule for filing fees:

Where the property affected by the
application is:

Fee

- | | |
|---------------------------------------------------------------------------------------------|-----------|
| 1. Either unimproved or the applicant's principal residence and valued at \$250,000 or less | No Charge |
|---------------------------------------------------------------------------------------------|-----------|

Where the property affected by the
application is:

Fee

- | | |
|----------------------------------------------------------------------------------------------------------------------------------|------|
| 2. Either unimproved or the applicant's principal residence and valued at \$250,001 - \$500,000 | \$10 |
| 3. Either unimproved or the applicant's principal residence and valued at \$500,001 - \$1,500,000 | \$20 |
| 4. Either unimproved or the applicant's principal residence and valued at more than \$1,500,001 | 30 |
| 5. Properties that have been improved and are not the applicant's principal residence and valued at \$0 - \$2,000,000 | 50 |
| 6. Properties that have been improved and are not the applicant's principal residence and valued at \$2,000,001 - \$10,000,000 | 100 |
| 7. Properties that have been improved and are not the applicant's principal residence and valued at \$10,000,001 - \$20,000,000 | 150 |
| 8. Properties that have been improved and are not the applicant's principal residence and valued at \$20,000,001 - \$50,000,000 | 250 |
| 9. Properties that have been improved and are not the applicant's principal residence and valued at \$50,000,001 - \$100,000,000 | 350 |
| 10. Properties that have been improved and are not the applicant's principal residence and valued at more than \$100,000,000 | 450 |

II. Fees for Findings of Fact

In 1988, the Budget Analyst conducted a study of the reasonable cost to the AAB to prepare written findings and conclusions entitled "Budget Analyst's Cost Analysis of AAB Findings of Fact," contained in File No. 129-88-1. The Budget Analyst concluded in this study that the AAB's cost of providing written findings of fact and conclusions, not including the time that would ordinarily be spent to process an assessment appeal, was in the range of \$137 to \$167 for the average appeal. As a result of this study, the Board of

Supervisors increased the fee for written findings of fact and conclusions from \$10 to \$75 (Resolution No. 22-89) for all applications, regardless of the value of the property.

The Budget Analyst has updated the 1988 study in a memorandum entitled "Updated Cost Analysis of Assessment Appeals Board Findings of Fact," dated January 8, 1993, finding that the cost to prepare written findings of fact and conclusions for the average assessment appeal has increased to \$147 to \$177.

The proposed ordinance would increase the fee from \$75 for applications, regardless of property value, for written findings of fact and conclusions as follows:

<u>Where the property affected by the application is valued at:</u>	<u>Fee</u>
\$0 - \$1,000,000	\$100
\$1,000,001 - \$2,000,000	125
\$2,000,001 - \$10,000,000	150
\$10,000,001 - \$20,000,000	200
\$20,000,001 - \$50,000,000	250
\$50,000,001 - \$100,000,000	300
More than \$100,000,000	350

III. Compensation of Members of the AAB

The current compensation of members of the AAB of \$50 per one-half day, or \$100 per day, is substantially below the compensation paid to member of Assessment Appeals Boards in counties of comparable size and importance. The compensation per day of members of the AAB in the following four Bay Area counties is as follows (See Comment 5):

Alameda County	\$150
Marin County	200
Contra Costa	150
Santa Clara	200

The proposed ordinance would increase the compensation of AAB members from \$50 to \$100 for each one-half day of service.

Comments:

1. In a report by Mr. Andrew Schwartz, Deputy City Attorney, Mr. Schwartz confirms that the revenue from the proposed Assessment Appeal filing fees would not exceed the cost to process the appeal. The following table illustrates the cost of processing an appeal, as conservatively estimated by Ms. Marilyn Cosentino, Assessment Appeals Board (AAB) Administrator, in any of the 10 proposed categories of assessed value, versus the proposed filing fee for that category.

<u>Where the property affected by the application is:</u>	<u>Estimated Minimum Cost to Process Appeal</u>	<u>Proposed Filing Fee</u>	<u>Excess of Cost Over Fee</u>
1. - 4. Either unimproved or the applicant's principal residence	\$37	\$0 - \$30	\$7 - \$37
5. Properties that have been improved and are not the applicant's principal residence and valued at \$0 - \$2,000,000	77	50	27
6. Properties that have been improved and are not the applicant's principal residence and valued at \$2,000,001 - \$10,000,000	137	100	37
7. Properties that have been improved and are not the applicant's principal residence and valued at \$10,000,001 - \$20,000,000	277	150	127
8. Properties that have been improved and are not the applicant's principal residence and valued at \$20,000,001 - \$50,000,000	397	250	147
9. Properties that have been improved and are not the applicant's principal residence and valued at \$50,000,001 - \$100,000,000	637	350	287
10. Properties that have been improved and are not the applicant's principal residence and valued at more than \$100,000,000	1,200	450	750

2. Although the Assessment Appeals Board has not developed revenue estimates for the proposed legislation, according to the Sponsor's office, if the AAB assessed filing fees based on the ten categories set forth in the proposed ordinance, the City

would have received total revenues in 1992 of \$65,720 (\$43,813 in FY 1993-94 based on an effective date of 11/1/93), or 48 percent of the AAB's total budget of \$136,500 for FY 1993-94. Based on a prior review, the Budget Analyst concurs with these basic estimates.

3. In 1992, 20 applications for written findings of fact were processed by the AAB at a fee of \$75 per application, for a total of \$1,500 in revenue. The Budget Analyst estimates that the proposed changes in finding of fact fees would produce \$3,225 in annual revenues, or an additional \$1,725 (\$1,150 in FY 1993-94 based on an effective date of 11/1/93), based on the number of applications filed in 1992. The following table provides a breakdown of estimated annual revenue from the proposed finding of fact fees.

<u>Where the property affected by the application is valued at:</u>	<u>Number of</u>	<u>Findings</u>	<u>Estimated</u>
	<u>Applications</u>	<u>of Fact</u>	
	<u>Within</u>	<u>Fee</u>	<u>Revenue</u>
	<u>Category</u>		
\$0 - \$1,000,000	8	\$100	\$800
\$1,000,001 - \$2,000,000	3	125	375
\$2,000,001 - \$10,000,000	4	150	600
\$10,000,001 - \$20,000,000	0	200	0
\$20,000,001 - \$50,000,000	3	250	750
\$50,000,001 - \$100,000,000	0	300	0
More than \$100,000,000	2	350	<u>700</u>
TOTAL	20		\$3,225

4. There are three AAB members who are budgeted to work for 75 full days in FY 1993-94. These AAB members currently receive \$50 per one-half day of service (\$100 per full day), for a total annual cost of \$22,500 (3 x 75 days x \$100/day) for FY 1993-94. The proposed ordinance would increase their compensation to \$100 per one-half day, or \$200 per full day, resulting in annual increased costs of \$22,500 (\$15,000 in FY 1993-94 based on an effective date of 11/1/93) and total annual costs of \$45,000 (3 x 75 days x \$200/day).

5. According to Mr. Schwartz, members of Assessment Appeals Boards in other counties in California comparable in size to San Francisco, such as San Diego, Los Angeles and Santa Clara, receive at least \$200 each per day in compensation.

6. Based on an estimated effective date of November 1, 1993, the proposed ordinance is estimated to produce total additional revenue of \$44,963 (\$43,813 in filing fees + \$1,150 in additional findings of fact fees) in fiscal year 1993-94, based on 1992

figures. Based on a November 1, 1993 effective date, these additional revenues would be offset by an additional cost of \$15,000 for AAB compensation, resulting in net revenues of \$29,963 (\$44,963 less \$15,000). In accordance with the proposed ordinance, these additional net revenues would be used to partially pay for the AAB's total costs of operations, including the increased compensation of AAB members.

7. According to Mr. Schwartz, the proposed filing fee for assessment appeals may be preempted if Assembly Bill 1422 is approved by the State Legislature. Assembly Bill 1422 would establish an assessment appeal filing fee of \$50. Mr. Schwartz reports that it is unclear whether this bill would affect the City's ability to impose an assessment appeal filing fee of a different amount.

Recommendation: Approval of the proposed ordinance to increase the AAB's fees and compensation is a policy matter for the Board of Supervisors.

Item 5 - File 101-93-5

1. The proposed resolution would establish \$1,058,036,587 as the 1993-94 net appropriation limit for the City and County of San Francisco as required by Article XIII B of the California Constitution.

2. On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the growth of appropriations from the proceeds of taxes of the State of California and local governments to the percentage change in population and the lesser of the percentage change in the cost of living or in per capita personal income. The State Government Code requires that each local government establish its appropriation limit (Gann Limit) by resolution each year.

3. The City's net Gann Limit must be adjusted for Trial Court Funding revenues. A transfer of an estimated \$15,300,000 of the City's Gann Limit must be made to the State of California in order to receive a State Trial Court Funding Block Grant of an equivalent amount. The State requires that the City and County Gann Limit be decreased by the net revenue amount that the City and County will receive from the State for Trial Court Funding so that the State Gann Limit can be increased by that same amount.

4. The Controller has computed the 1993-94 Gann Limit for the City and County of San Francisco as follows (percentages and computed amounts have been rounded by the Controller):

1992-93 Gross Gann Limit	\$1,025,928,434
Adjusted by:	
Increase in Cost of Living	2.72%
Increase in Population	1.85%
1993-94 Gross Gann Limit	\$1,073,336,587*
Less Trial Court Funding Revenues	<u>15,300,000</u>
1993-94 Net Gann Limit	\$1,058,036,587

* 1.0272 times 1.0185 equals 1.0462 times \$1,025,928,434.

5. The Controller's Office monitors revenues affected by the Gann Limit throughout the year. At year end, a final computation is prepared comparing actual proceeds of taxes to the Gann Limit. At that time, two tests must be met. First, all actual proceeds of taxes must be below the Gann Limit; and second, all actual proceeds of taxes collected must be appropriated. If either test is not met, according to Article XIII B excess revenues collected must be returned to the taxpayers within two years.

Memo to Budget Committee
September 8, 1993

6. The amount appropriated in the City's fiscal year 1993-94 budget that is subject to the Gann Limit is \$842,908,293 which is \$215,128,294 less than the net 1993-94 Net Gann Limit of \$1,058,036,587. In accordance with the Annual Appropriation Ordinance, all other 1993-94 tax proceeds are appropriated to the City's General Fund General Reserve which is used as a revenue source to fund supplemental appropriations during the current fiscal year and the City's budget for the next fiscal year.

Comments

1. The Gann Limit was first applied in 1980-81 using the actual 1978-79 appropriations that would have been subject to the limit, had it existed then, as the base year (as called for by Article XIII B of the California Constitution). The 1978-79 base was adjusted for changes in per capita personal income, cost of living and population to obtain the 1980-81 limit. In each successive year, the prior year's limit was used as the base for computation of the new limit.

2. State Proposition 111, approved by the voters in June 1990, made several changes to the Article XIII B (3) which are reflected in the City's computations including an adjustment to exclude appropriations for "Qualified capital outlay as defined by the legislature" from proceeds of taxes. This results in a reduction of \$15,707,899 for fiscal year 1993-94, from appropriations of proceeds of taxes subject to the limit.

3. Based on the City Attorney's memorandum of opinion of June 14, 1988, the City is excluding Court and Federal mandates from appropriations subject to the limit. The City Attorney has advised that the exclusion of Court and Federal mandates is consistent with the meaning of Article XIII B. No legal challenges have been filed questioning this interpretation. The five mandates for FY 1993-94 totaling \$55,649,933 that were identified by a survey of all City departments and verified by the Controller's Office are as follows:

Police Consent Decree	\$13,694,566
Jail Overcrowding	19,021,887
Federal Resource Conservation Act (Toxics)	4,329,420
Firefighters Consent Decree	9,941,313
Back Pay Cases	<u>8,662,747</u>
Total Court and Federal mandates	\$55,649,933

Recommendation

Approve the proposed resolution.

Items 6 and 7 - Files 101-93-7 and 102-93-5

Department: Department of Parking and Traffic (DPT)

Item: Supplemental appropriation ordinance (File 101-93-7) to appropriate funds to the Department of Parking and Traffic to fund the salaries and related costs of hiring hearing officers, clerical support, and a manager of the Parking Citation Processing Program for fiscal year 1993-1994, and rescinding salary and related fringe benefits for the deletion of one Municipal Court position.

Ordinance (File 102-93-5) amending the Annual Salary Ordinance, 1993-94, Parking and Traffic Commission, reflecting the additions of seventeen new positions, and amending the Annual Salary Ordinance, 1993-94, Municipal Court, deleting one position.

Amount: Appropriate — \$448,096
Rescind — \$41,780

Source of Funds: General Fund

Description: The passage of Assembly Bill 408 (A.B.408), which has decriminalized parking citations in California, necessitates the transfer of responsibility for processing, administratively reviewing and adjudicating parking citations from the Municipal Court to the Department of Parking and Traffic (DPT). The transfer of these functions is scheduled to occur November 1, 1993. Processing and adjudication of moving violations will remain the responsibility of the Municipal Court.

The Budget Analyst conducted an analysis of staffing in the Municipal Court Traffic Division in April, 1993. Since operating plans for implementation of A.B.408 had not yet been finalized by DPT, our analysis focused on a determination of the resources required for the Municipal Court to continue processing moving violation citations only. We found that, under the method of operations used by the Municipal Court Traffic Division, approximately 57 existing positions performed functions primarily related to the processing, review and adjudication of parking tickets, and should therefore be transferred to the DPT. Final negotiations on the transfer are being concluded by DPT and the Municipal Court, and the Controller will carry out the transfer based on the agreement reached between DPT and the Municipal Court.

A.B.408 requires a number of changes in the processing and adjudication of parking tickets. Therefore, in addition to the 57 existing positions from the Municipal Court, the proposed

ordinances would create 17 new positions in the DPT Citation Processing Program, based on an analysis by DPT staff of the new requirements imposed by the legislation. These requirements include that (1) citizens can request, by mail or in person, an initial administrative review of parking tickets within 21 days of receiving a citation or 10 days of receiving a citation notice; (2) the processing agency will conduct the requested review and report the result of the review to the holder of the citation by mail within 10 days of receipt of a request; and (3) if the citizen is found liable for the citation after initial review, he or she has 10 days from the mail date of the investigation outcome to appear and request a hearing.

This proposed ordinance includes a number of position additions and changes, detailed below, that would allow the implementation of A.B.408.

Comments:

1. Ms. Jocelyn Kane of the DPT reports that the Department plans to introduce an Amendment of the Whole at the September 8, 1993 Budget Committee meeting. This Amendment of the Whole would eliminate two Deputy Clerks, rather than one Assistant Division Chief Clerk from the Municipal Court, and would therefore rescind \$56,648 in salaries and fringe benefits, rather than the \$41,780 currently proposed.

2. The proposed ordinances (Files 101-93-6 and 102-93-4) would add seven AA56 Parking Citation Hearing Officers to handle the increased volume of hearings anticipated since citizens will no longer be able to collect tickets over a number of months and handle them with one hearing. Ms. Kane reports that existing Municipal Court referees currently resolve an average of 4.5 citations per hearing. Ms. Kane estimates that the average will drop to one citation per hearing when a maximum of only 41 days can elapse between citation issuance and the hearing.

3. The proposed ordinances (Files 101-93-6 and 102-93-4) would also add four AA55 Field Survey Clerks, four 1404 Clerks, and one 1406 Senior Clerk. The four Field Survey Clerks would be used to perform field investigations to verify citizen claims of broken meters, obscured signs, etc. The four 1404 Clerks and one 1406 Clerk would be used to supplement the clerks scheduled to be transferred to the DPT from the Municipal Court. Ms. Kane states that these Clerks are needed because of the major anticipated increase in correspondence and research that will result from the new initial review process.

4. The elimination from the Municipal Court budget of two 0330R Deputy Clerks will be included in the proposed

Amendment of the Whole, Ms. Kane reports. (The currently proposed legislation would eliminate one 0270R Division Chief Clerk. However, such a Division Chief Clerk is not available to be eliminated, Ms. Kane advises.) The proposed ordinance includes the addition to the DPT Budget of an AA53R Manager of Parking Citation. Creation of this position was recommended by the Budget Analyst to coordinate the new program. Ms. Kane states that the DPT seeks to fill this position as soon as possible, to facilitate the transition that must occur on November 1, 1993.

5. All positions except the Manager of Parking Citations would be listed as limited tenure.

6. In addition to the new personnel, the proposed supplemental appropriation ordinance (File 101-93-6) would provide \$10,000 for the creation and printing of training materials to educate new and transferred staff in the procedures that will be followed to implement A.B.408.

7. The following positions would be added to the Parking and Traffic Commission, according to the proposed ordinance:

<u>Class</u>	<u>Personnel</u>	<u>FTE</u>	<u>Maximum Annual Salary</u>	<u>Total Maximum Salaries</u>
1404L	Clerk	4.00	\$29,075	\$116,300
1406L	Senior Clerk	1.00	\$30,511	\$ 30,511
AA53R	Manager, Parking Citations	1.00	\$66,424	\$ 66,424
AA55L	Field Survey Clerk	4.00	\$29,075	\$116,300
AA56L	Parking Citation Hearing Officer	<u>7.00</u>	<u>\$44,970</u>	<u>\$314,790</u>
Total Personnel		17.00		\$644,325

8. The following positions would be deleted from the Municipal Court, according to the proposed Amendment of the Whole:

<u>Class</u>	<u>Personnel</u>	<u>FTE</u>	<u>Maximum Annual Salary</u>	<u>Total Maximum Salaries</u>
0330R	Deputy Clerks	2.00	\$31,355	\$62,710

9. The maximum (based on the highest salary step) increased annual cost of the proposed new positions would be \$667,802, including \$581,615 (including the \$644,325 for positions added to the DPT less the \$62,710 for two positions eliminated from the Municipal Court) for salaries plus \$86,187 for fringe benefits.¹ The proposed supplemental appropriation includes eight month's of salary and fringe benefits costs of \$438,096, and \$10,000 for training. This expense would also include the production of training and procedures manuals for Hearing Officers and Investigators.

10. A July 16, 1993 memo from Parking and Traffic Department Executive Director Mr. John Newlin to the Parking and Traffic Commission reports that the Municipal Court currently handles 250 pieces of correspondence per day. The memo states that an average of 9,000 citations are contested per week. If the volume of citation protests remains constant after implementation of A.B. 408, the new Parking Citation Division could receive several thousand written requests for initial review per week. Ms. Kane states that the four 1404L Clerks and one 1406L Senior Clerk are needed to insure that the initial reviews are conducted in a timely fashion.

A total of twelve clerks who will be available to perform initial reviews would be transferred from the Municipal Court to the DPT. With the four new clerks and one Senior Clerk, this would provide 17 clerks to perform initial reviews. If 9,000 initial reviews must be conducted weekly, each clerk could spend approximately 4.5 minutes per initial review (9,000 initial reviews divided by 17 clerks divided by forty hours per week).

The critical variable in this calculation of clerical personnel needs is the number of initial reviews that will be requested. Because the initial review has not been implemented elsewhere in California and is not common throughout the country, it is impossible to develop a reliable forecast of the volume of requests. DPT staff assume a "worst case" scenario. It is possible that, with a shorter time to protest a citation and stricter standards for dismissal, the number of protests will decline. The first year of operation of the new program should provide data on correspondence volume and average time to complete an initial review, which could be used to adjust staffing levels.

11. Similarly, Ms. Kane states that the need for seven hearing officers, in addition to two hearing officers who will be funded

¹Based on 14.7%, the amount included in the proposed supplemental appropriation for fringe benefits.

through a transfer of Municipal Court funds, is predicated on a worst case scenario. The DPT analysis assumes that there will continue to be 9,000 citations protested per week, 45 percent of which will be dismissed as a result of the initial review. This will leave approximately 5,000 hearings to be conducted per week. Whereas under the current system, an average of 4.5 citations are resolved in each hearing, DPT staff assume that the short time frame allowed for protesting a citation will mean that citations are generally heard individually, increasing the volume of hearings from the current level of approximately 2,000 per week to approximately 5,000 per week. Municipal Court referees spend, on average, less than two minutes per hearing. However Ms. Kane estimates that the new hearing procedure will take an average of 4.5 minutes per hearing. Ms. Kane states that A.B.408 allows the DPT to establish stricter requirements for dismissal of citations, but will also require a more detailed examination of each protest than is currently the practice.

Each of the variables discussed above -- the number of initial review requests, number of hearings requested after an initial review upholds a parking ticket, and average time needed to complete a hearing -- has a major impact on the calculation of hearing officer staff needs. For example, if the number of requests for initial reviews declines from 9,000 per week to 8,750 per week, a reduction of less than three percent, if, on average, only 250 citizens miss the appeal deadline, and if, instead of reviewing one citation per hearing, the average becomes 1.25 citations per hearing, the total need for hearing officers would decline from nine to seven.

The Budget Analyst believes that it is reasonable to expect that any or all of these variables might, in fact, produce less work than the worst case scenario projected by DPT.

The new program will operate for 8 months of the 1993-1994 fiscal year, beginning on November 1, 1993, at the end of which time it should be possible to adjust staffing needs based on actual experience. In this supplemental request, the DPT has used conservative assumptions that represent maximum staffing needs. Therefore, one-half of the proposed salaries and benefits should be reserved pending a report, after 90 days, on the amount of work generated by the program. If these conservative assumptions are correct, at such time as documentation is provided, then the DPT could request the release of the total reserved amount.

To allow the DPT to justify the current staffing level, the DPT should be required to: (1) develop a system to monitor and evaluate the volume of initial reviews and hearings and the time needed to perform the functions of initial review, field

investigation and hearings; and (2) issue monthly reports and a February, 1994 program review that contains an analysis of long-term staffing needs.

12. The four Field Survey Clerks would check claims of broken meters, missing or obscured signs, and other such problems. Ms. Kane states that, based on her observations of Municipal Court referees, the Municipal Court has only requested field investigation of a small fraction of such claims that they receive, taking the citizen's word for the situation in many more cases. This is in part a result of referees having to rule on multiple citations in one hearing. Ms. Kane states that the DPT must investigate all such claims, per A.B.408.

The DPT estimates that approximately 20 percent of the 9,000 protested citations weekly, or 1,800 protests, would require a site visit. However, this estimate: (1) is based on percentages provided by other jurisdictions, not on San Francisco's experience; (2) does not consider the extent to which a single piece of broken equipment might result in more than one complaint; and (3) does not consider that the number of protests might decline once a deadline for such protests is established. The issue of the value of these Field Survey Clerks should be specifically addressed in the Department's February, 1994 review, by attributing an average value to denials of complaints resulting from field investigations.

13. In other comparable jurisdictions, such as Boston and Chicago, meter and sign repair status is computerized, greatly reducing the need for separate field checks related to parking citations. Ms. Kane reports that the DPT hopes to computerize San Francisco's meter and sign repair data at a later date.

14. The proposed supplemental appropriation inadvertently omitted additional funds for a financial audit, postage, and printing notices of citation cancellation, Ms. Kane advises. Therefore, the DPT anticipates introducing a second supplemental appropriation to fund these items. The Budget Analyst agrees that these items will require funding.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance (File 101-93-7) to require the DPT to develop a system to monitor and evaluate the volume of initial reviews and hearings and the time needed to perform the functions of initial review, field investigation and hearings. Require the DPT to issue monthly reports and a February, 1994 program review that contains an analysis of long-term staffing needs.

2. Amend the proposed appropriation ordinance (File 101-93-7) to reserve \$219,048, including \$190,962 for salaries and

Memo to Budget Committee
September 8, 1993

\$28,086 for fringe benefits, pending the February, 1994, review that contains an analysis of long-term staffing needs.

3. Approve the proposed ordinances (Files 101-93-7 and 102-93-5), as amended.

Item 8 File 173-93-1

1. The proposed item is a hearing to consider funding the structural repair of the Marina Seawall.


2. The Marina Seawall is a man-made seawall which stretches along the City's waterfront from approximately Scott Street to approximately Buchanan Street. The Recreation and Park Department has jurisdiction over this entire seawall. The seawall forms the Marina harbor and serves as a retaining wall along Marina Boulevard. The Department of Public Works (DPW) is currently in the process of working on a project to retrofit a section of this seawall between Scott and Baker Streets along the Marina Boulevard. This retrofit project, which is one of two projects which are currently being performed by DPW in connection with the seawall, is the subject of this hearing. According to Mr. Ronald Cheng, the DPW is implementing recommendations of the "Final Report - Marina District Liquefaction Study Task Force" in regard to this retrofit project. This report, which was prepared by a task force of private consultants and City officials, recommended that this area of the seawall be strengthened, in part, to protect a sewer box along the Marina Boulevard, which is in close proximity to a populated residential area. Mr. Cheng advises that during the 1989 earthquake, the section of the seawall between Scott and Baker Streets sustained cracks to its outer surface which required repair.

3. Attached is a memo from Mr. John E. Cribbs, Director of the DPW, which discusses (1) an original cost estimate of \$300,000 to \$350,000 to strengthen the seawall, (2) a revised estimate of \$1 million to \$1.5 million to finance the retrofit project, (3) the DPW's attempts to identify financing sources for this project, (4) the \$80,000 in Clean Water Sewer Service Charge funds allocated thus far by the DPW to pay for soils testing and design work in connection with this project, and (5) the desire for guidance from the Board of Supervisors regarding the funding for this project.

Comment

As noted above, in addition to the retrofit project involving the section of the seawall between Scott and Baker Streets, there is a second project being performed by DPW on a section of the seawall known as the West Wing of the seawall, which is aligned with Baker Street, north of Marina Boulevard. This project is to repair damage sustained by this section of the seawall as a result of the 1989 earthquake. Mr. Tim Lilquist of the RPD reports that \$361,205 in Federal Emergency Management Administration (FEMA) funds have been allocated to the City to pay for this repair work. Mr. John Thomas, Landscape Architect of the DPW advises that this project, which involves repairing cracks and restructuring this section of the seawall, is in the preliminary design stage and is anticipated to be completed by December of 1995.

Memo Budget Committee
September 8, 1993 Budget Committee Meeting


for Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

Department of Public Works



Office of The Director

John E. Giblin
Director

August 11, 1993

Marina Boulevard Seawall

THROUGH: Mr. Ruddy F. Nothenberg
Chief Administrative Officer

Supervisor Carole Migden
Member, Board of Supervisors
Room 235, City Hall

Dear Supervisor Migden:

As we discussed by telephone, the Department of Public Works has been looking at the Marina Seawall to determine what must be done, the cheapest way to do it, and where the funds can be obtained to pay for it.

In the "Conclusions and Recommendations" of the "Final Report - Marina District Liquefaction Study Task Force" the following was stated:

"This seawall should be strengthened by driving new piles on the landward side combined with a new concrete pile cap/buttress. The cost is estimated to be between \$300,000 and \$350,000. Design should start immediately by Department of Public Works staff. Funding would either be by a Boating and Waterways grant or by reconstruction and replacement funds of the Clean Water Program."

We first applied to the State Boating and Waterways Committee for a grant using the nexus that if the seawall moves toward the bay a lot of the docking facilities would be destroyed. We were unsuccessful in obtaining any funds from this source. We then allocated \$80,000 from our Clean Water Sewer Service Charge funds to hire a soils consultant and to do predesign for stabilizing the wall. We used the justification for these funds that if the seawall were to fail, the box sewer along Marina Boulevard would be endangered. We felt we could also justify the relatively modest \$350,000 estimated full cost using the same Sewer Service Charge funds.

Now that we have gotten into predesign, we find that the Task Force estimate may be very low and that the actual cost may be as high as \$1.5 million. We need more soils data to tie this figure down and more study on drainage problems in this area to better estimate this project.

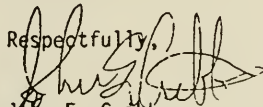
We are also checking to see what outside agencies have jurisdiction over this work. So far, we have determined that BCDC and Army Corps of Engineers both require permits and that the GGNRA requires approval. If the project does turn out to cost between \$1 million and \$1.5 million, we could not justify taking this

Supervisor Carole Migden
August 11, 1993
Page Two

amount from the ratepayers of the Clean Water Enterprise (Sewer Service Charge) fund and would need guidance from the Board of Supervisors to fund this work.

If you have any questions, please give me a call.

Respectfully,



John E. Cribbs
Director of Public Works

cc: John L. Taylor
Todd Cockburn
Jackson Wong
Peg Devine
Kathy How

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CALENDAR

MAIN LIBRARY - DOCUMENT SECTION

GOVERNMENT SECTION

**BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

WEDNESDAY, SEPTEMBER 15, 1993 - 2:00 P.M.

ROOM 228, CITY HALL - FINANCIALS DEPT

PRESENT: SUPERVISORS MIGDEN, ALIOTO

SEP 17 1993

ABSENT: SUPERVISOR HSIEH

SAN FRANCISCO
PUBLIC LIBRARY

CLERK: KAY GULBENGAY

Note: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- (a) File 79-92-3.4. [Release of Funds] Requesting release of reserved funds, Mayor's Office of Community Development, 1993 Community Development Block Grant, in an amount totalling \$36,794, for two positions, Economic Development Administration, Small Business Program Loan Officer, \$15,705 and Housing Program Administrator \$21,089. (Mayor's Office of Community Development)

ACTION: Hearing held. Release of \$36,794 or two positions, Economic Development Administration, \$15,705 Small Business Program Loan Officer \$21,089 Housing Program Administrator approved. Filed.

- (b) File 101-90-84.8. [Release of Funds] Requesting release of reserved funds, Fire Department - 1986 Fire Protection System Improvement Bonds, in the amount of \$1,450,475, for the improvements and extensions to the Fire Department's Auxiliary Water Supply System (AWSS), for a monitoring and control system for high pressure water supply (Motorola Communications and Electronics to expand the City's existing 800 MHZ Trunking System). (Fire Department)

ACTION: Release of \$1,450,475 approved. Filed.

REGULAR CALENDAR

2. File 101-93-6. [Government Funding] Ordinance appropriating \$462,687 for permanent salaries – miscellaneous and related fringe benefits and rescinding permanent salaries – miscellaneous and related fringe benefits, Public Health Services – Community Public Health Services for fiscal year 1993-94. (Supervisor Kaufman)
(Continued from 9/7/93)

ACTION: Hearing held. Amended on page 1 line 1 (in title) by replacing "\$462,687" with "\$334,233"; and on page 2 line 1 by deleting entire "Section 3".
New Title: "Appropriating \$334,233 for permanent salaries – miscellaneous and related fringe benefits and rescinding permanent salaries – miscellaneous and related fringe benefits, Public Health Services – Community Public Health Services for fiscal year 1993-94."
Recommended as amended.

3. File 102-93-4. [Public Employment] Ordinance amending Annual Salary Ordinance, 1993-94, Department of Public Health, reflecting the addition of seven new positions and the deletion of seven positions (Classification AA57 Health Center Manager, and deletion of seven positions Classification 1372 Special Assistant XIII). (Civil Service Commission)
(Continued from 9/7/93)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

4. File 97-93-47. [Cash Revolving Fund – Commission on the Status of Women] Ordinance amending Administrative Code by adding Section 10.169-11, establishing a cash revolving fund for the Commission on the Status of Women in the amount of \$500.00. (Commission on the Status of Women)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

5. File 121-93-12. [Filing and License Fees for Police Permits] Ordinance amending Police Code by amending Sections 2.26, 2.26.1, 2.27 and 2.27.1, relating to permit filing fees and permit license fees, by increasing the fees. (Police Commission)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

6. File 27-93-17. [Airport-Rates and Charges] Resolution making a finding that the schedule of rates and charges for common use facilities established by the Airports Commission effective July 1, 1993 will be sufficient to pay for maintenance and operation expenses of the Airport and will not require any tax subsidy; companion measure to File 27-93-17.1. (Airports Commission)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

7. File 27-93-17.1. [Airport-Rates and Charges] Resolution approving changes to the schedule of rates and charges for common use facilities at San Francisco International Airport as established by Airports Commission; companion measure to File 27-93-17. (Airports Commission)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

8. File 114-91-2.1. [Automatic Sprinkler Systems - Existing High-Rise Buildings] Resolution endorsing those changes and providing findings as to the local conditions requiring changes from the California Building Standards Code, as required by the California Health and Safety Code.
(Supervisors Hsieh, Shelley)

(9/2/93 - Recommended and transferred from Housing and Land Use Committee - Fiscal Impact

Present: Supervisors Bierman and Shelley

Absent: Supervisor Maher)

ACTION: Continued to September 29, 1993 meeting at the request of the sponsor.

9. File 114-91-2. [Sprinkler Systems, High-rise Buildings] Ordinance amending Building Code by amending Section 1746 to require installation of automatic sprinkler systems in existing high-rise buildings; companion to File 114-91-2.1 (Supervisor Hsieh, Shelley)

(9/2/93 - Recommended and transferred from Housing and Land Use Committee - Fiscal Impact

Present: Supervisors Bierman and Shelley

Absent: Supervisor Maher)

ACTION: Continued to September 29, 1993 meeting at the request of the sponsor.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

September 13, 1993

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: September 15, 1993 Budget Committee Meeting

Item 1a- File 79-92-3.4

Department: Mayor's Office of Community Development (MOCD)
Mayor's Office of Housing (MOH)

Item: Release of reserved funds in an amount totaling \$36,794 for two positions, a Small Business Program Loan Officer (\$15,705) and a Housing Program Administrator (\$21,089).

Amount: \$36,794

Source of Funds: Community Development Block Grant (CDBG) funds

Description: The Board of Supervisors previously approved the City's 1993 Community Development Block grant Program (File 79-92-3) in the amount of \$21,708,373. At the same time, the Board placed a total of \$815,791 on reserve. Of the \$815,791, \$58,960 was placed on reserve for a Systems and Procedures Analyst position for the Enterprise Zone Program pending review and approval by the Civil Service Commission and \$53,744 was placed on reserve for a Housing Program Administrator position, pending a review of workload distribution within the Mayor's Office of Housing (MOH).

Mr. Bernard Gunther of the MOCD advises that in the interim since the monies were placed on reserve for the Systems and Procedures Analyst position, the MOCD has determined that it's current workload requirements justify the need for a Small Business Loan Officer instead of a Systems and Procedures Analyst position for the Enterprise Zone Program. According to Mr. Gunther, the MOCD's loan program responsibilities have increased substantially because the following loan programs were recently transferred to the MOCD from the Mayor's Office of Economic Planning and Development (MOEPD):

1. The CDBG-funded Small Business Loan Program (\$2.5 million portfolio, 60 loans outstanding)
2. The San Francisco Redevelopment Agency (SFRA) funded Bayview Hunters Point Loan Program (funded at \$1.5 million)
3. The Enterprise Zone District Facade Loan Program (funded at \$150,000). The Enterprise District includes South of Market, Bayview Hunter's Point, Chinatown, the Mission District, and the Western Addition.
4. The SFRA funded Chinatown Loan Program (recently funded at \$500,000)
5. The SFRA funded 24th Street Business Loan Program (funded at \$500,000)

In addition to the above-noted loan programs, Mr. Gunther advises that the MOCD is also administering a SEED Loan Fund (for business start-up) for loans averaging \$5,000 (total funding of \$150,000). According to Mr. Gunther, the MOEPD had two positions, which were assigned to administer the above noted loan programs. One of these positions was a loan officer position responsible for reviewing the loan applications, preparing loan documents for approved loans and following-up with loan clients. The second position was a financial officer responsible for keeping loan accounts current and for preparing necessary financial documents required by the Controller's Office. According to Mr. Gunther, when the loan programs were transferred from the MOEPD, the financial officer position was eliminated and the

loan officer position was transferred to the Redevelopment Agency.

Mr. Gunther advises that MOCD does not have an existing loan officer position. As such, according to Mr. Gunther, the MOCD has only been able to process these loan programs on a minimal basis, resulting in a serious backlog of work with respect to these loan programs. The MOCD is requesting that the release of reserve of \$15,705 for the Systems and Procedures Analyst be used instead for the MOCD to fill a Small Business Loan Officer position (to fund the position for 3.5 months) which would be responsible for the above noted loan programs. Mr. Gunther states that the MOCD will absorb the financial and accounting responsibilities associated with these loan programs with its existing staff.

Mr. Gunther reports that the MOH has incurred a significant increase in its workload over the past two years resulting from new programs initiated at the Federal and local levels. During the same time period the MOH's staffing level has remained at 15 positions.

Mr. Gunther advises that the Federal HOME Investments Partnership Program has provided the City with a total of approximately \$13.5 million in funding for affordable housing for 1992-93 and 1993-94. The HOME Program is aimed primarily at providing loans and grants for developers of low-income rental units and to low-income home buyers. The HOME Program funding has resulted in the MOH administering 10 new housing and acquisition projects. Mr. Gunther states that unlike CDBG-funded acquisition/rehabilitation projects, HOME funds must be committed within 24 months of allocation, which means closer tracking and more intensive monitoring is required in connection with HOME projects. Additionally, according to Mr. Gunther, reporting on HOME projects is done on a project by project basis rather than a program basis, which means that as project volume increases, more individual projects must be tracked and individual reports prepared and submitted to the Federal funding agency.

Mr. Gunther advises that two new City programs, the Unreinforced Masonry Bond (UMB) Rehabilitation Program, operated jointly by the MOH and Chief Administrative Officer and a rehabilitation program

for board and care facilities (to be funded by CDBG), have also increased MOH's workload. CDBG funds in the amount of \$1,000,000 have been set aside for the rehabilitation of the board and care facilities. The MOH projects the \$1,000,000 will be sufficient to fund the rehabilitation of approximately 10 board and care facilities. Additionally, MOH is proposing to implement a new program aimed at providing an income tax deduction for eligible low-income first time home-buyers. This program would require MOH staff to review individual home-buyer loan documents to determine their eligibility to receive the proposed tax deduction. The amount of MOH staff time that would be required for this program is undetermined at this time.

Mr. Joe LaTorre, Deputy Director of the MOH reports that he is currently spending approximately 10 percent of his time providing technical assistance on the UMB Rehabilitation Program. However, Mr. LaTorre states that the commitment of MOH staff time to this project could increase substantially once the scope of this project has been established. The UMB Rehabilitation Program involves the seismic rehabilitation of unreinforced masonry buildings in the City.

Mr. LaTorre advises that the MOH is currently administering a total of 65 projects which are in various stages of completion. According to Mr. LaTorre, due to the shortage of staff, he is responsible for managing four of these projects and the remaining 61 projects are assigned to six project management staff, who administer approximately 10 projects each. Mr. LaTorre notes that aside from their project management responsibilities, these staff are also responsible for proposal writing, staffing task forces and performing other job related administrative functions.

With respect to the requested second position, according to Mr. LaTorre, the proposed Housing Program Administrator position would be assigned primarily to administer the MOH's existing Housing Development Corporation Program, which would allow the staff person who is currently assigned to this position to assume project management responsibility for the new program aimed at providing income tax deductions to eligible low-income home buyers and to assist, as needed, with other project management

assignments. The Housing Program Administrator's responsibilities under the Housing Development Corporation Program would include reviewing annual housing proposals and monitoring eleven contracts with non-profit agencies which provide for the development and on-going management of multiple low-income rental units.

Comments:

1. Mr. Gunther advises that both the proposed Small Business Loan Officer position and the proposed Housing Program Administrator position would be limited tenure positions. Mr. Gunther reports that the annual cost of the proposed Small Business Loan Officer would be \$53,800. According to Mr. Gunther, this cost is approximately \$11,000 less than the amount budgeted by MOEPD for the previous loan officer position. The \$15,705 in reserved funds is sufficient to pay for the Small Business Loan Officer position for the period September 15, 1993 through December 31, 1993. However, Mr. Gunther advises that this position cannot be filled prior to October 4, 1993. Therefore, the amount of reserved funds to be released for this position should be reduced by \$2,256 from \$15,705 to \$13,449.

2. The \$21,089 requested release of reserve for the Housing Program Administer was based on the position being filled by approximately mid-September of 1993. Mr. Joe LaTorre advises that the MOH has already identified the individual who would fill the Housing Program Administrator position. As such, according to Mr. LaTorre, if the proposed release of reserved funds is approved, the position could be filled by September 20, 1993.

3. Mr. Gunther advises that neither of the two proposed positions would require Civil Service review or approval because they would be limited tenure positions under the existing 9770 Classification series.

4. The Budget Analyst believes that more specific workload information pertaining to the existing staff and the two requested positions, including the specific workload which is presently backlogged, should be provided to the Budget Analyst prior to the Budget Committee's review of this request. As such, the Budget Analyst has requested that the MOCB and the

Memo Budget Committee
September 15, 1993 Budget Committee Meeting

MOH provide, in writing, the specific workload activities for each staff person in their respective divisions. The MOCD advises that additional time would be required to provide such information. Therefore, the Budget Analyst recommends that this item be continued to the call of the Chair pending the requested additional information.

Recommendation: Continue the proposed request to the call of the Chair in accordance with Comment 4 above.

Item 1b - File 101-90-84.8

Department: Fire Department
Department of Electricity and Telecommunications

Item: Release of reserved funds for a monitoring and control system for the Auxiliary Water Supply System (AWSS) .

Amount : \$1,450,475

Source of Funds: 1986 Fire Protection System Improvement Bonds

Description: In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection System Improvement Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs and cisterns, pipelines, and pump stations which will provide a source of water for fire protection in the event that the main water supply system fails, as it did following the 1906 earthquake.

The City sold \$31 million of these bonds in 1987 and the \$15.2 million balance (\$46.2 less \$31 million) of the bonds in 1991. In April 1991, the Board of Supervisors appropriated the \$15.2 million proceeds from the second sale of bonds in 1991, but reserved \$13,506,943 that was budgeted for a variety of construction projects, pending specific information concerning the amount of the construction contracts, selection of the contractors and the MBE/WBE status of the contractors. The \$13,506,943 reserved included \$7,902,943 for the construction of high pressure water system extensions. A total of \$6,369,584 has been previously released by the Board of Supervisors from the \$7,902,943 for construction of high pressure water system extensions leaving a balance of \$1,533,359 still on reserve.

As a part of the high pressure water system extensions, electronic monitoring and control devices will be installed on the various valves of the system in order to activate the valves and monitor water flow by remote control using radio signals. These radio signals will be carried by the City's radio communications system (also known technically as the 800 MHz Trunking System radio communications system). The electronic monitoring and control devices will be installed as part of a master purchase agreement with Motorola Communications and Electronics for equipment to expand the City's existing radio communications system.

Memo to Budget Committee
March 10, 1993

The \$1,450,475 for the purchase and installation of electronic valve controls would be used as follows:

Equipment Purchases (including sales tax)	\$870,760
Engineering and Installation	513,740
Contingency (five percent)	<u>65,975</u>
Requested Release of Reserve	\$1,450,475

Comment:

The Department of Electricity and Communications has proposed the installation of a new City-wide radio communications system (800 MHz Trunking System) that will serve the Police, Fire, Sheriff, Parking and Traffic and Public Health Departments. The new radio communications system would be constructed subject to voter approval in the November, 1993 ballot of lease financing (not to exceed \$50 million) of the system pursuant to a resolution previously approved by the Board of Supervisors in July, 1993 (File 282-93-1). The proposed monitoring and control system for the Auxiliary Water Supply System would also be compatible with the proposed new City-wide radio communications system.

Recommendation: Release reserved funds in the amount of \$1,450,475, as requested.

Items 2 and 3 - Files 101-93-6 and 102-93-4

Note: These items were continued by the Budget Committee at its meeting of September 7, 1993.

Department: Department of Public Health (DPH)
Community Health Services

Item: Ordinance (File 102-93-4) amending the Annual Salary Ordinance, 1993-94, Department of Public Health, reflecting the addition of seven new positions and the deletion of seven positions (addition of seven positions Classification AA57 Health Center Manager, and deletion of seven positions Classification 1372 Special Assistant XIII).

Supplemental appropriation ordinance (File 101-93-6) for permanent salaries - miscellaneous and related fringe benefits and rescinding permanent salaries - miscellaneous and related fringe benefits, public health services - Community Public Health Services for fiscal year 1993-1994.

Amount: \$462,687

Source of Funds: General Fund, included in the Department of Public Health, Community Health Services 1993-94 approved budget.

Description: The 1993-94 budget as approved by the Board of Supervisors, included funding for seven 1372 Special Assistant XIII positions. These newly-created positions would have been used to manage seven District Health Centers throughout San Francisco: Health Centers #1, #2, #3, #4, #5, Southeast Health Center and the Tom Waddell Clinic. The District Health Centers were previously managed using 2248 Clinical Director positions. The use of 1372 Special Assistant XIII positions is part of a Community Public Health Services (CPHS) reorganization whereby lower classifications would be used to manage the Health Centers.

The Civil Service Commission subsequently reviewed the use of 1372 Special Assistant XIII positions and found that rather than utilizing this special classification, which is used for positions of limited duration where there are no existing appropriate classifications, it would be more appropriate to create an "A" classification, that indicates a new position in a new classification, and move immediately to classify the new duties and responsibilities and make appointments to the positions.

The proposed ordinances (Files 101-93-6 and 102-93-4) would provide the necessary changes to the 1993-94 Annual Appropriation Ordinance and 1993-94 Annual Salary Ordinance to replace the 1372 Special Assistant XIII positions with positions in the new "A" classification, as AA57 Health Center Managers, pending formal classification actions by the Civil Service Commission. As reflected below, the salary would be the same for both classifications, such that the proposed ordinances would neither increase nor decrease the cost to the City.

**Positions to
be Added:**

<u>Class</u>	<u>Personnel</u>	<u>FTE</u>	<u>Maximum Annual Salary</u>	<u>Total Maximum Salaries</u>
AA57	Health Center Manager	7.00	\$71,436	\$500,052

**Positions to
be Deleted:**

<u>Class</u>	<u>Personnel</u>	<u>FTE</u>	<u>Maximum Annual Salary</u>	<u>Total Maximum Salaries</u>
1372	Special Assistant XIII	7.00	\$71,436	\$500,052

Comments:

1. As noted above, the 1372 Special Assistant XIII positions are included in the approved FY 1993-94 budget. The Department of Public Health (DPH) is requesting authorization to delete these positions from the 1993-94 budget and instead utilize AA57 Health Center Manager positions. Because the positions added and deleted to the 1993-94 budget would be for the same budgeted salary amounts (\$462,687), and because these positions have the same maximum salaries at the top salary step, the proposed ordinance (File 101-93-6) would not result in an increase to the DPH's FY 1993-94 budget.

2. According to Dr. Sandra Hernandez of the DPH, since all of the positions are currently vacant, the DPH has been actively interviewing candidates for the AA57 Health Center Manager positions and candidates will be selected within a few days. Dr. Hernandez reports that because of the urgency to fill the positions, she anticipates that the positions will be filled immediately, pending authorization from the Board of Supervisors. Therefore, the proposed supplemental appropriation ordinance (File 101-93-6) should be amended to

BOARD OF SUPERVISORS
BUDGET ANALYST

reduce the appropriation amount for salaries by \$111,699 from \$462,687 to \$350,988 to reflect the 6.3 biweekly pay periods that the seven positions will be vacant. This \$111,699 salary savings plus an additional \$16,755 in savings from the corresponding Mandatory Fringe Benefits would achieve a total savings of \$128,454, as follows:

	<u>DPH Request</u>	Budget Analyst <u>Recommendations</u>	<u>Savings</u>
CPHS- Health Care Centers	\$337,943	\$256,358	\$81,585
Public Health Services	62,372	47,315	15,057
AIDS - Health Center	62,372	47,315	15,057
Mandatory Fringe Benefits	<u>0</u>	<u>(16,755)</u>	<u>16,755</u>
Total	\$462,687	\$334,233	\$128,454

The total savings of \$128,454 reflected above should be credited by the Controller to the City's General Fund - General Reserve.

3. Charter Section 6.306 indicates that any requested departmental budget item that had been rejected by the Mayor or Board of Supervisors shall require a vote of two-thirds of all members of the Board of Supervisors to reinstate the departmental request. Although the seven specific AA57 Health Center Manager positions were not denied in the Mayor's recommended budget or rejected by the Board of Supervisors, the Controller's Office recommends that since similar positions were requested by the Department, Section 6.306 of the Charter applies to the proposed ordinance (File 101-93-6). Mr. Ted Lakey of the City Attorney's Office concurs with this recommendation. Therefore, the proposed ordinance (File 101-93-6) will require approval by eight members of the Board of Supervisors.

4. The proposed ordinances (Files 102-93-4 and 101-93-6) were continued by the Budget Committee at its meeting of September 7, 1993. Mr. Ed Gazzano of the Department of Public Health (DPH) advises that the DPH, as requested by the Budget Committee, intends to request an additional meeting with members of Local 21, the International Federation of Professional Engineers, prior to the Budget Committee Meeting of September 15, 1993. Mr. Gazzano reports that the DPH has met with members of Local 21 and with members of the Municipal Executive's Association on three occasions during July, 1993, but this additional meeting will be requested to further discuss a labor issue involving the previous 2248 Clinical Director incumbents.

- Recommendations:**
1. Amend the proposed ordinance (File 101-93-6) to reduce the amount by \$128,454 from \$462,687 to \$334,233 to reflect the salary and fringe benefit cost savings associated with the seven vacant AA57 Health Center Managers. These savings should be credited by the Controller back to the City's General Fund - General Reserve. Approve the proposed ordinance (File 101-93-6) as amended.
 2. Approve the proposed ordinance (File 102-93-4).

Item 4 - File 97-93-47

Department: Commission on the Status of Women

Item: Ordinance amending the Administrative Code by adding Section 10.169-11, establishing a Cash Revolving Fund for the Commission on the Status of Women in the amount of \$500.

Amount: \$500

Source of Funds: General Fund

Description: The proposed ordinance would add a new Section 10.169-11 to the San Francisco Administrative Code to establish a Cash Revolving Fund of \$500 for the Commission on the Status of Women. The Commission on the Status of Women provides counseling, information and educational materials on sexual harassment, domestic violence, health matters, and other women's issues. The Commission would use the proposed Cash Revolving Fund for miscellaneous purchases of handouts, printed material, and statistical information of less than \$150 per individual purchase.

According to the City's Purchasing Procedures Manual, revolving funds are established to accommodate the need for petty cash, urgent, non-recurring purchases and small repairs. As purchases deplete the revolving fund, Direct Payment Vouchers are submitted to the Controller's Office. These Direct Payment Vouchers provide a detailed list of all expenditures and the source of funds. The Controller's Office subsequently replenishes the department's revolving fund for the amount of the Direct Payment Voucher.

Comments: 1. Ms. Sharon Johnson of the Commission on the Status of Women reports that the Commission's 1993-94 budget includes the original \$500 to create the proposed Cash Revolving Fund account. Expenditures from the Cash Revolving Fund would be charged to the Commission's regular expenditure budget when the Cash Revolving Fund is reimbursed.

2. Ms. Johnson estimates that the Commission would request reimbursements to the revolving fund approximately six times per year.

Recommendation: Approve the proposed ordinance.

Item 5 - File 121-93-12

Department: Police Department

Item: The proposed ordinance would amend Part II, Chapter VIII of the San Francisco Municipal Code (Police Code) by amending Sections 2.26, 2.26.1, 2.27, and 2.27.1, relating to permit filing fees and permit license fees, by increasing the fees.

Description: Section 2.26 outlines the schedule of filing fees which are payable in advance to the Police Department when applications for permits are submitted to the Police Department. The proposed ordinance would amend Section 2.26 to modify (primarily increase) this fee schedule as follows:

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Permit Amendment/ Additional Partner	\$55	\$60	9%
Amusement Park	470	565	20
Antique Shop	340	422	24
Auto Wrecker	422	512	21
Ball or Ring Throwing Games	290	365	26
Balloon and Kite Advertising	190	275	45
Billiard Parlor	298	337	13
Bingo Games	50	50	0
Amendment to Permit	50	50	0
Cabaret	638	754	18
Circus	340	406	19
Closing-Out-Sale	262	294	12
Dance Hall Keeper	638	754	18
One Night Dance	25	28	12
Dealer in Firearms and/ or Ammunition	470	564	20
Dealer in Firearms and/or Ammunition (renewal)	158	170	8
Discharge Cannon	175	234	34
Distributor of Advertising Class A	331	374	13
Class B	291	327	12
Driverless Auto Rental	365	445	22
Encounter Studio Owner	375	460	23
Employee	128	144	13

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Escort Service			
Owner	240	505	110%
Employee	128	144	13
Funeral Procession Escort	145	160	10
Insignia and Uniform	18	10	(44)
General Soliciting Agent	160	180	13
Itinerant Show	350	428	22
Itinerant Show/Non-Profit	100	100	0
Junk Dealer	517	617	19
Junk Gatherer			
Resident	582	325	(44)
Non-Resident	292	263	(10)
Licensed Tour Guide	175	194	11
Loudspeaker			
Commercial	275	300	9
Non-Commercial	30	35	17
Vehicle	275	300	9
Masked Ball	410	499	22
Massage Establishment	985	1,144	16
Masseur/Masseuse	128	144	13
Trainee	128	144	13
Mechanical Amusement			
Devices	360	400	11
Mechanical Contrivance	360	400	11
Miniature Golf Course	380	430	13
Mobile Caterer	450	485	8
Additional Stop	50	55	10
Assistant	50	55	10
Transfer of Stop	40	45	13
Museum	375	458	22
Nude Models in Public			
Photographic Studio			
Owner	435	526	21
Employee	128	144	13
Off-Heliport Landing Site	290	365	26
Outcall Massage	302	340	13
Pawnbroker	470	569	21
Peddler			
Fish, Vegetables, Fruit	320	305	(5)
Food for Human			
Consumption	320	305	(5)
Non-Food	220	245	11
Employee	50	55	10
Pedicab Driver	50	55	10

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Pedicab Owner			
First Pedicab	235	265	13%
Each Additional Pedicab	55	60	9
Photographer, Public Place			
Owner	280	318	14
Employee	50	55	10
Photographic Solicitor			
Owner	280	318	14
Employee	50	55	10
Place of Entertainment	638	754	18
Poker	485	580	20
Amendment to Permit	55	60	9
Public Bath House	630	743	18
Public Outcry Sales	318	395	24
Pushcart Peddler	345	365	6
Recreational Equipment			
Vendor	255	305	20
Rodeo Exhibition/Wild			
West Show	340	415	22
Second Hand Dealer	340	422	24
Second Hand Dealer,			
Auto Accessories	340	422	24
Shooting Gallery	445	540	21
Skating Rink	355	438	23
Street Photographer			
Owner	240	270	13
Solicitor	145	165	14
Tow Car Driver	125	141	13
Trade-in-Dealer	340	422	24
Valet Parking			
Fixed Location	255	287	13
Annual Special Event	140	155	11
Vehicle for Hire,			
Non-Motorized	235	365	55

Section 2.26.1 outlines the filing fees payable in advance to the Police Department when applications for Motor Vehicle for Hire permits are submitted to the Police Department. The proposed ordinance would amend Section 2.26.1 to increase this fee schedule as follows:

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Color Scheme Change	\$60	\$65	8%
Interurban Bus	240	256	7
Jitney Bus Driver	50	50	0
Jitney Bus Owner	240	256	7
Limousine	240	256	7
Motorized Rickshaw	240	256	7
Public Passenger Vehicle Driver	45	50	11
Sightseeing Bus	240	256	7
Taxicab	240	256	7
Taxicab Radio Dispatch Service	300	321	7

Section 2.27 outlines the schedule of license fees which are payable to the Tax Collector for permits issued by the Police Department. The proposed ordinance would amend Section 2.27 to modify this fee schedule as follows:

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Advertising Vehicle	\$115	0	(100%)
Amusement Park	167	224	34
Antique Shop	28	38	36
Auto Wrecker	219	294	34
Ball or Ring Throwing Games	73	98	34
Balloon and Kite Advertising	39	53	36
Billiard Parlor			
1st table	67	90	34
each additional table	6	8	33
Bingo Game			
Cabaret	180	250	39
Circus	148	198	34
Dance Hall Keeper	188	250	33
Dealer in Firearms and/or			
Ammunition	259	272	5
Discharge of Cannon	22	29	32
Distributor of Advertising			
Class A	60	81	35
Class B	16	21	31
Driverless Auto Rental	145	194	34
Encounter Studio			
Owner	229	308	34
Employee	25	34	36
Escort Service			
Owner	232	311	34
Employee	40	54	35

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Funeral Procession Escort	52	69	33%
General Soliciting Agent	39	53	36
Itinerant Show, each concession	20	26	30
Junk Dealer	244	328	34
Junk Gatherer			
Resident	75	62	(17)
Non-resident	46	62	35
Licensed Tour Guide	69	92	33
Loudspeaker, Commercial	72	97	35
Masked Ball	105	140	33
Massage Establishment	249	334	34
Masseur/Masseuse	40	54	35
Trainee	10	54	440
Mechanical Amusement Devices			
1st machine	111	137	23
Each additional machine	17	21	24
Mechanical Contrivance			
1st machine	102	137	34
Each additional machine	16	21	31
Miniature Golf Course	74	99	34
Mobile Caterer	389	420	8
Assistant	22	29	32
Museum	92	124	35
Nude Models in Public			
Photography Studio			
Owner	219	294	34
Employee	39	54	38
Off-Heliport Landing Site	17	23	35
Outcall Massage	211	284	35
Pawnbroker	241	323	34
Peddler			
Fish, Vegetables, Fruit	385	450	17
Food for Human consumption	385	450	17
Non-Food	89	120	35
Employee	36	48	33
Pedicab Driver	12	16	33
Pedicab Owner			
first pedicab	174	200	15
each additional pedicab	98	100	2
Photographer, Public Place			
Owner	92	124	35
Solicitor	35	47	34
Photographic Solicitor			
Owner	75	100	33
Employee	36	47	31

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Place of Entertainment	196	250	28%
Poker	141	189	34
Public Bathhouse	196	263	34
Public Outcry Sales	132	177	34
Pushcart Peddler	387	450	16
Recreational Equipment Vendor	141	189	34
Rodeo Exhibition/Wild West Show	67	90	34
Second Hand Dealer	28	38	36
Second Hand Dealer, Auto			
Accessories	28	38	36
Shooting Gallery	73	98	34
Skating Rink	161	216	34
Street Photographer			
Owner	75	100	33
Solicitor	36	48	33
Tow Car Driver	15	20	33
Trade-In Dealer	276	370	34
Valet Parking			
Fixed Location	149	160	7
Annual Special Event	78	100	28
Vehicle for Hire, Non-motorized	74	100	35

Section 2.27.1 outlines the schedule for license fees for Motor Vehicle for Hire permits which are payable to the Tax Collector for permits issued by the Police Department. The proposed ordinance would amend Section 2.27.1 to increase this fee schedule as follows:

<u>Type of Permit</u>	<u>Current Filing Fee</u>	<u>Proposed Filing Fee</u>	<u>Percentage Difference</u>
Interurban Bus	240	264	10%
Jitney Bus Driver	50	55	10
Jitney Bus Owner	240	264	10
Limousine	240	264	10
Motorized Rickshaw	240	264	10
Public Passenger Vehicle Driver	25	27	8
Sightseeing Bus	240	264	10
Taxicab Radio Dispatch Service			
Permit	300	330	10
Taxicab*	300	330	10

* A credit is allowed against this license fee for each taxicab licensed by an operator who has agreed to participate throughout the permit year in the Paratransit Program. Under the proposed amendment to Section 2.27.1, this credit would be

BOARD OF SUPERVISORS
BUDGET ANALYST

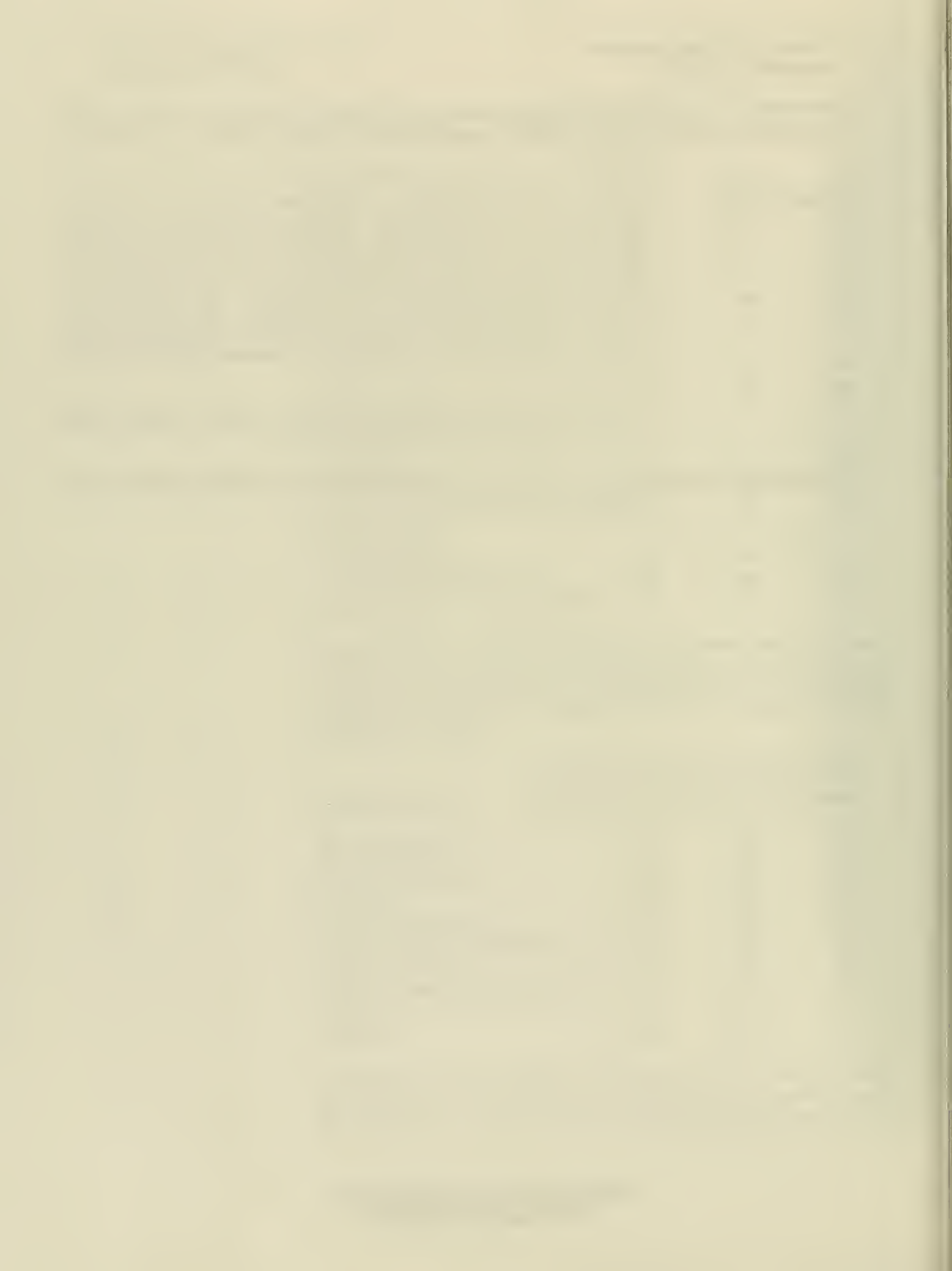
increased approximately 7 percent from \$180 to \$192. The Paratransit Program provides transportation to disabled persons.

Comments:

1. Sergeant Steve Tacchini of the Permit Unit of the Police Department reports that a total \$1,181,183 in revenue accrued to the City in FY 1992-93 for license and fee permits issued by the Police Department. The Police Department estimates that the proposed fee increases will generate an additional \$83,630 in new revenues for the City in FY 1993-94, for a total amount of \$1,264,813. This estimated revenue amount is based on the proposed fee increases taking effect on November 15, 1993.

2. The Police Department advises that these license and permit fees were last increased in 1991.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Items 6 and 7 - Files 27-93-17 and 27-93-17.1

Department: Airports Commission

Item: Resolution finding that the schedule of rates and charges for common use facilities established by the Airports Commission effective July 1, 1993 will be sufficient to pay for maintenance and operation expenses of the Airport and will not require any tax subsidy (File 27-93-17).

Resolution approving changes to the schedule of rates and charges for common use facilities at San Francisco International Airport as established by the Airports Commission (File 27-93-17.1).

Description: The proposed resolutions concern the schedule of landing fees and terminal space rental rates for common use facilities at the San Francisco International Airport. The proposed landing fees and terminal space rental rates to be charged to the airlines have been determined based on a formula that is part of the Lease and Use Agreement between the Airport and the airlines. The Lease and Use Agreement extends these landing fees and rental rates from July 1, 1993 to June 30, 1994. The formula calls for annual adjustments to existing landing fees and rental rates based on Airport surpluses or shortfalls accumulated during the previous two fiscal years in the cost centers from which the fees and rates are collected. The Airport's total surplus from previous years, used in calculating the 1993-94 fees and rates, amounts to approximately \$7.8 million.

Landing Fee Schedule (beginning July 1, 1993)

The proposed landing fees are based on the approved maximum landing weights for each revenue producing aircraft landing at the Airport. The fees are comprised of a base fee per 1,000 lbs. and a surcharge added to the base fee. For the proposed landing fees in Fiscal Year 1993-94, this surcharge is negative, representing a credit for one-half of the combined surplus from terminal and ground side areas. The proposed fee schedule for fiscal year 1993-94 and the actual total fees for 1991-92 and 1992-93 are as follows:

Base Fee (per 1,000 lbs.)	Surcharge Fee (per 1,000 lbs.)	Total Landing Fee (per 1,000 lbs.)	1992-93 Actual Total Landing Fee	1991-92 Actual Total Landing Fee
\$1.006	(\$0.175)	\$0.831	\$0.775	\$0.749

As shown above, the landing fee (per 1,000 lbs.) would increase \$0.056 per 1,000 lbs. from \$0.775 per 1,000 lbs. in 1992-93 to \$0.831 in 1993-94 for both fixed-wing and rotary-wing (helicopters) aircraft, or an increase of approximately 7.2 percent.

The proposed minimum landing fees for smaller aircraft that have a landing agreement with the Airport would (1) increase from \$28 in 1992-93 to \$30 for 1993-94 per fixed-wing aircraft weighing less than 36,101 lbs. (less than 36,129 lbs. in 1992-93) and (2) increase from \$9.00 in 1992-93 to \$12.00 for 1993-94 for all rotary-wing aircraft weighing less than 14,440 lbs. (less than 11,613 lbs. in 1992-93).

Supplemental Landing Fee Schedule (beginning November 1, 1993)

The surcharge fee schedule for itinerant aircraft effective November 1, 1993 would also increase. The itinerant surcharge fee is assessed on those air carriers that do not have a permit or lease to operate at San Francisco International Airport. The Airport plans to increase its \$0.860 rate for 1992-93 to a 1993-94 rate of \$0.916 per 1,000 lbs. of maximum landing weight for each revenue landing by a commercial carrier. This fee schedule would apply to all fixed-wing aircraft which weigh 32,751 or more and for all rotary-wing aircraft which weigh 13,100 or more.

Itinerant aircraft, both revenue landing and general aviation, would also be subject to minimum landing fees of \$30.00 for all fixed-wing aircraft weighing less than 32,751 lbs. and \$12.00 for helicopters weighing less than 13,100 lbs.

Terminal Space Rental Schedule (beginning July 1, 1993)

The terminal space rental rates at the Airport are comprised of a base rate determined by the relative value of the space. The proposed 1993-94 rates and actual 1992-93 and 1991-92 rates are as follows:

<u>Type Space</u>	<u>1993-94 Proposed Total Rate (per sq. ft.)</u>	<u>1992-93 Actual Total Rate (per sq. ft.)</u>	<u>1991-92 Actual Total Rate (per sq. ft.)</u>
Category I	\$47.45	\$44.35	\$44.01
Category II	35.59	33.26	33.01
Category III	23.73	22.18	22.01
Category IV	11.86	11.09	11.00
Category V	4.75	4.44	4.40

The average rental rate per square foot would increase by \$1.65 from \$27.03 in 1992-93 to \$28.68 for 1993-94, an increase of approximately 6.1 percent.

The Space Categories are defined as follows:

Category I: Ticket Counters and Hold Rooms (waiting areas at gates)

Category II: Ticket Counter Back Offices, VIP Clubs, Baggage Claim Lobbies

Category III: Administrative and Operations Offices

Category IV: Baggage Handling Areas

Category V: Unenclosed or Covered Areas (ramp level)

The Airport will also continue to charge a secondary rental surcharge totalling \$84,173 for those carriers using the Federal Inspection Service Area based on the proportion of each airline's passengers using this area, to the total number of passengers using this area. The \$84,173 surcharge includes the annual Airport debt service of \$62,052 on the shared International Terminal baggage facility and 20 percent (\$22,121) of the cost of the City-owned lounge for in-transit passengers.

Comments:

1. According to the Airport, the proposed schedule of fees and rates will be sufficient to cover Fiscal Year 1993-94 Airport costs and a subsidy from the City will not be necessary for 1993-94.

2. All proposed landing fees and rental rates would apply retroactively to July 1, 1993 if the proposed resolution (File 27-93-17.1) is adopted, with the exception of minimum landing fees for general aviation aircraft (aircraft other than scheduled airlines or military aircraft) and itinerant

surcharge fees. Because of the difficulty in retroactively collecting such landing fees, those fees, which comprise a small portion of total landing fees, would not be retroactively imposed and would remain at the 1992-93 rates for landing fees until November 1, 1993. These fees would then be increased to the proposed 1993-94 landing fee rates.

3. Mr. John Martin of the Airport advises that the Airport expects to collect a total of approximately \$56.0 million in landing fees and terminal rentals in 1993-94, an increase of approximately \$2.5 million, or 4.7 percent, from the \$53.5 million collected in fiscal year 1992-93.

4. Adoption of the proposed landing fees and rental rates will not affect the Airport's expected contribution to the City's General Fund. Based on the existing Lease and Use Agreement, this contribution is set at 15 percent of all concession revenues collected during the year. According to Mr. Martin, the General Fund contribution from the Airport in 1993-94 is anticipated to be \$14.5 million, or approximately \$0.5 million less than the \$15.0 million budgeted to the General Fund in 1992-93. The actual amount contributed to the General Fund for FY 1992-93 was approximately \$15.1 million, which is \$100,000 more than the budgeted amount of \$15.0 million.

5. According to Mr. Peter Nardoza of the Airport, the 1993-94 Airport budget, as approved by the Board of Supervisors, anticipated that the rates and fees identified in the subject legislation would be approved.

Recommendation: Approve the proposed resolutions.

Items 8 and 9 - Files 114-91-2.1 and 114-91-2

Note: These items were transferred from the Housing and Land Use Committee for fiscal impact.

Department: San Francisco Fire Department, Bureau of Fire Prevention
Department of Public Works (DPW), Bureau of Building Inspection

Item: Resolution endorsing those changes and providing findings as to the local conditions requiring changes from the California Building Standards Code, as required by the California Health and Safety Code (File 114-93-2.1).

Ordinance amending Part II, Chapter I of the San Francisco Municipal Code (Building Code) by amending Section 1746 to require installation of automatic fire sprinkler systems in existing high-rise buildings (File 114-91-2).

Description: The proposed ordinance (File 114-91-2) would amend the San Francisco Building Code to require that existing high-rise buildings in San Francisco that currently do not have fire sprinkler systems be retrofitted with such systems. The proposed amendment to the Building Code would also require the Superintendent of Building Inspection of the Department of Public Works to submit a written notice to the owner of each existing high-rise building that does not presently have a complying fire sprinkler system within 60 days of the approval of this ordinance. That notice would inform the building owner of these new requirements to install a fire sprinkler system.

The proposed Building Code amendment would require the building owner to a) return a Notice of Intent within three years of the approval of this ordinance to the Department of Public Works describing the building's existing fire suppression equipment and features (such as water supply connections, pumps or partial sprinkler system) and a tentative schedule for installing a complete fire sprinkler system, b) install an automated water supply system within five years and c) complete the fire sprinkler system installation within 12 years.

The proposed resolution (File 114-93-2.1) would endorse changes and provide findings as to the local conditions in San Francisco that require the City to enact changes in the San Francisco Building Code. The California Health and Safety Code requires that whenever a local government enacts changes to their building code whereby the local building code is then different from the State Building Standards Code, the

local government must endorse the changes and provide findings that support those changes.

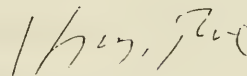
Comments:

1. Currently, fire sprinkler systems must be installed in new and existing high-rise buildings if the use of an existing high-rise building is being changed. All high-rise buildings (both new and existing) are required to have smoke detectors.
2. In July, 1991, the Bureau of Fire Prevention reported that there were 393 high-rise buildings in San Francisco would require fire sprinkler systems and that approximately 346 of these high-rise buildings did not have complete fire sprinkler systems and would not meet the proposed requirements. Of these 346 high-rise buildings 175 were commercial buildings, 31 were hotels and 140 were residential buildings. Additionally, there are approximately 29 high-rise residential buildings that are owned by the San Francisco Housing Authority. The Bureau of Fire Prevention does not know the current extent of fire sprinkler systems in these 29 high-rise buildings owned by the Housing Authority. City Hall is currently considered to be a high-rise office building because the attic portion of the building is occupied. However, Mr. Tony Irons of the DPW Bureau of Architecture reports that when City Hall is renovated for earthquake repairs and seismic improvements, the attic portion will be sealed off and City Hall will then no longer be considered a high-rise building that would require the installation of a fire sprinkler system under the proposed ordinance.
3. The proposed amendment to the Building Code has been drafted through the combined efforts of the Fire Department, the Department of Public Works, the City Attorney's Office, representatives of the fire-sprinkler protection industry and the Building Owner's and Manager's Association (BOMA).
4. Mr. Dot Yee of the Bureau of Building Inspection indicates that the one-time costs of required notifications by the Superintendent of Building Inspection (estimated at between \$2,000 and \$3,000) will be absorbed by the Department of Public Works 1993-94 budget and will be recovered by existing plan checking and inspection fees when building owners apply for permits and inspections to install fire sprinkler systems in their buildings.
5. Mr. Yee reports that the net costs to the building owners of installing fire sprinkler systems are difficult to calculate because some of the costs may be offset by reduced fire insurance costs. Mr. Yee indicates that the DPW Bureau of Building Inspection has not estimated the costs of installing

Memo to Budget Committee
September 15, 1993

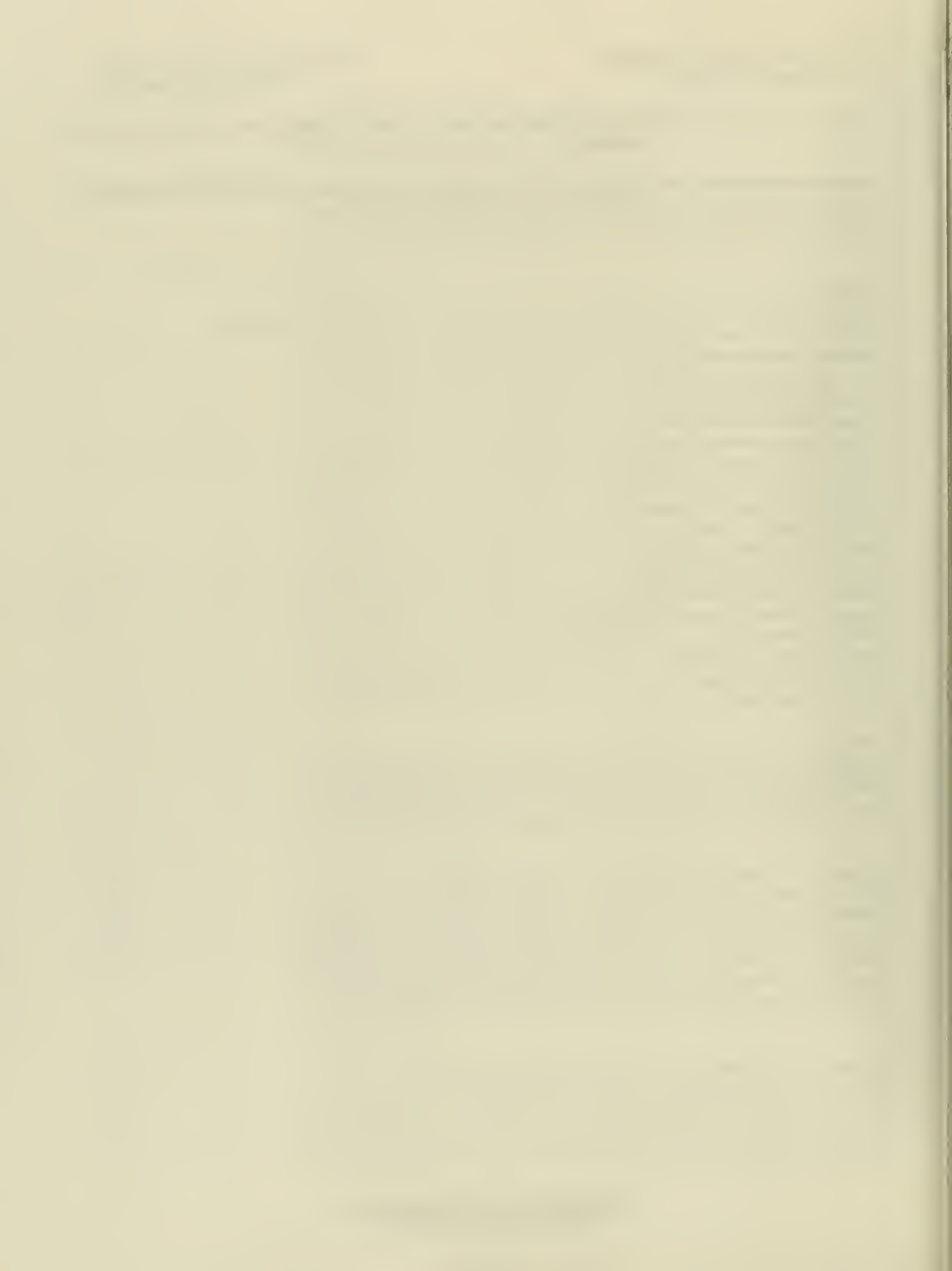
fire sprinkler systems in the Housing Authority's high rise buildings.

Recommendation: Approval of the proposed resolution and ordinance are policy matters for the Board of Supervisors.


Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST



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CALENDAR - Actions Taken

**BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

DOCUMENTS DEPT.

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WEDNESDAY, SEPTEMBER 22, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

MEMBERS: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

Note: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

IT IS THE INTENTION OF THE CHAIR TO ENTERTAIN A MOTION TO CONTINUE THE FOLLOWING ITEM (File 286-93-1) TO THE CALL OF THE CHAIR:

1. File 286-93-1. Hearing to consider feasibility of creating a Hospital Assessment District and the potential revenues such a district could raise. (Supervisor Alioto)
(Continued from 7/7/93)

ACTION: Hearing held. Continued to call of the chair.

2. File 127-93-20. [Utility Users Tax] Ordinance amending Part III Municipal Code by amending Section 701 to define "Steam Corporation" and amending Section 705(d) to exempt from the Gas Users Tax steam corporations using gas to generate steam. (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

3. File 28-93-4. [Emergency Repair - Superior Courts] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the safety and property of the citizens of San Francisco by performing the necessary work to repair fire damaged Superior Courts 22 and 23 and their associated chambers and offices in the Hall of Justice - \$90,000. (Department of Public Works)

ACTION: Hearing held. Recommended.

4. File 101-93-9. [Government Funding] Ordinance appropriating \$1,296,417 for permanent salaries miscellaneous and retroactive and related mandatory fringe benefits for Airport Commission and adjusting payrates for Airport Police Officer Classifications. (Companion measure to File 102-93-6)
(Controller)

ACTION: Hearing held. Recommended.

5. File 102-93-6. [Salaries and Wages] Ordinance amending Ordinance No. 242-93 (Annual Salary Ordinance, 1993-94) to provide a salary increase for Airport Police Officer Classifications effective July 1, 1993. (Civil Service Commission)

ACTION: Hearing held. Recommended.

6. File 101-93-8. [Government Funding] Ordinance appropriating \$195,493, Municipal and Superior Courts, for permanent salaries, mandatory fringe benefits, and equipment, for the creation of two positions. (Companion measure to File 102-93-7) (Controller)

ACTION: Hearing held. Amended on page 1 lines 1, (in title) 12, and 24 by replacing "\$195,493" with "\$136,311"; and on line 15 by replacing "\$71,436" with "\$44,887"; line 17 by replacing "\$15,716" with "\$9,875"; line 21 replacing "\$59,091" with "\$37,130"; and line 22 by replacing "\$13,000" with "\$8,169." New Title: "Appropriating \$136,311, Municipal and Superior Courts, for permanent salaries, mandatory fringe benefits, and equipment, for the creation of two positions. (Controller)
Recommended as amended.

7. File 102-93-7. [Public Employment] Ordinance amending Ordinance No. 242-93 (Annual Salary Ordinance, 1993-94) reflecting the addition of one position in the Municipal Court and the addition of one position in the Superior Court. (Civil Service Commission)

ACTION: Hearing held. Recommended.

8. File 301-93-1. [Mortgage Credit Certificates] Resolution authorizing an application to the California Debt Limit allocation Committee to permit the issuance of Mortgage Credit Certificates. (Supervisor Shelley)

ACTION: Hearing held. Amended on page 3 by deleting "lines 12-17".
Same Title. Recommended as amended.

9. File 7-93-9.5. [Municipal Railway Fares] Resolution urging the Mayor to urge the Public Utilities Commission to retain transfers on the Municipal Railway and to restore the three day grace period for all monthly fast passes. (Supervisor Hallinan)

ACTION: Hearing held. Continued to call of the chair.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

September 17, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: September 22, 1993 Budget Committee Meeting

Item 1 File 286-93-1

Note: This item was continued by the Budget Committee at its meeting of July 7, 1993.

1. This item is a hearing to consider the establishment of a Hospital Assessment District in San Francisco and the potential revenues such a district could raise. Normally, special assessment districts can be created in order to assess property within a jurisdiction when such properties receive enhanced, preserved, or protected value as a result of the availability of specific services.

2. San Francisco General Hospital's 1993-94 budget is approximately is \$286.6 million, with a General Fund contribution of \$24.0 million.

3. Mr. Burke Delventhal has informed the Budget Analyst that assessments can only be made to support services that enhance, preserve or protect property values, such as fire protection services. The Budget Analyst has been further advised that the City Attorney is of the preliminary opinion that, under this standard, not all General Fund costs associated with Hospital Operations could be recovered through a special assessment. However, the City Attorney is now examining the possibility of creating a Special Assessment District for certain Hospital services, such as emergency services, in order to recover a portion of such General Fund costs.

4. Mr. Delventhal states that if a Special Assessment District for hospital services can be created, a limited amount of revenues would be realized in the first year, due to the substantial lead time required for implementation of the Special Assessment District, establishment of assessed values for all property located in the City and collection of special property assessments.

Comments

1. The September 22, 1993 Budget Committee Calendar indicates that the Chair intends to entertain a motion to continue this item to the Call of the Chair.

2. The City Attorney's Office reports that they will be prepared to report to the Budget Committee on this matter when the continued item is calendared again.

Item 2 - File 127-93-20

Item: The proposed ordinance would amend Part III of the San Francisco Municipal Code (Utility Users Tax) by amending Section 701 to define "Steam Corporation" and would amend Section 705(d) to exempt from the Gas Users Tax (one of the Utility Users Taxes), the gas used by Steam Corporations to generate steam. (Besides gas, the other utilities subject to Utility Users Taxes include retail sales of electricity, water, telephone and steam.)

Description: Pursuant to the Steam Franchise Ordinance (Ordinance No. 418-75), the Board of Supervisors granted PG&E a franchise to install, maintain and operate underground steam pipe conduits in order to carry steam, mainly for heating purposes, in any public street, highway, alley or other public places under the jurisdiction of the City and County of San Francisco.

In April, 1993, the Board of Supervisors approved the transfer of the only steam franchise in San Francisco for the operation of approximately 11 miles of steam pipes primarily in the Financial District from PG&E to San Francisco Thermal (File 186-93-1). According to the Department of Public Works, PG&E was not realizing a profit on the steam franchise operation and sold it to San Francisco Thermal (subject to approval of the State Public Utilities Commission and the Board of Supervisors). San Francisco Thermal buys small steam franchises and by applying their expertise, makes them profitable.

Section 705 of the Municipal Code imposes the Gas Users Tax "upon every person, other than a gas corporation or an electrical corporation, using gas which is delivered through mains or pipes in the City and County by a gas corporation." Section 705(d) exempts the use of gas from the Gas Users Tax when the gas is used "by a gas corporation for resale and delivery through pipes and mains or gas used by a water corporation to pump water." The proposed ordinance would amend Section 705(d) to include in the exemption, "gas used by a steam corporation to generate steam." The proposed ordinance would also amend Section 701 - Definitions, to include a definition of a Steam Corporation (that would be exempted by Section 705(d)) as "every 'heat corporation,' using steam to deliver heat."

The Chief Administrative Officer states that San Francisco Thermal, like all other utilities, should be exempt from paying the Utility Users Tax on the consumption of gas as a

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raw material which is used to generate steam, a product that is sold to customers that pay a Utility Users Tax on the steam purchased. PG&E, previously operated the steam franchise and being a gas corporation, was exempt from the Utilities Users Tax on gas. However, when San Francisco Thermal purchased the steam franchise from PG&E, the steam production became a separate entity making the gas used in the production of steam subject to the Utilities Users Tax because the gas used by a steam corporation is currently not exempt from the Utility Users Tax.

Comments:

1. The Chief Administrative Officer's Office indicates that extending the Gas Users Tax exemption to San Francisco Thermal, on the use of gas to generate steam, would not result in any loss of revenue to the City because the same amount of taxes would be collected from customers regardless of whether PG&E (the former holder of the steam franchise that was previously exempt from the Gas Users Tax) or San Francisco Thermal collects the taxes for remittance to the City. Likewise, the same franchise fees that were previously paid by PG&E are now paid by San Francisco Thermal for the steam franchise.

2. The Tax Collector's Office indicates that previous remittances of Utility Users taxes from PG&E to the City did not include a breakdown of taxes collected for steam sales from the taxes collected for electricity sales. San Francisco Thermal recently remitted approximately \$25,000 to the City for the Utility Users Tax on steam that was sold in the month of July, 1993.

3. Ms. Julia Friedlander of the City Attorney's Office reports that the proposed exemption of steam corporations from Gas Users Tax otherwise owed on gas to generate steam is consistent with the existing exemptions of certified public utilities from paying the Utility Users Tax on gas and electricity that are consumed as raw materials for the production of another utility upon which customers pay a Utility Users Tax.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 3 - File 28-93-4

Department: Department of Public Works (DPW)
Superior Court

Item: Resolution approving an emergency expenditure and commencement of repairs to the Hall of Justice

Amount: \$90,000

Source of Funds: Capital Improvements Fund for the City Hall Employees' exercise room.

Description: A fire on July 14, 1993 damaged Chambers 22 and 23, and associated offices of the Superior Court located in the Hall of Justice making these facilities unusable. DPW estimates the repairs will cost approximately \$90,000. The funding source for the repairs is the Capital Improvements Fund consisting of previously appropriated monies for the construction of an exercise room for City Hall employees. This exercise room will no longer be built because earthquake and seismic improvements must first be made to City Hall. The exercise room project was originally funded at \$130,650 and has a current balance of \$104,618 (\$26,032 was expended before the Loma Prieta Earthquake on preliminary, non-construction work). If the proposed resolution is approved, the balance in this fund would be reduced to \$14,618 (\$104,618 less \$90,000).

In accordance with Section 6.30 of the Administrative Code, the DPW is initiating an expedited contracting procedure to repair the Chambers 22 and 23 and the associated offices at the Hall of Justice. The proposed resolution would approve the expenditure of funds for emergency repairs to Chambers 22 and 23 and the associated offices at the Hall of Justice. DPW's preliminary estimate of the repair work costs is as follows (although this preliminary cost estimate exceeds \$90,000, DPW anticipates that the final project cost will be \$90,000 or less):

Department of Public Works - Interior Repairs

Carpentry	\$36,136
Plastering	10,052
Electrical	6,457
Painting	5,895
Plumbing	3,583
Laborers	5,163
Locks and Hardware	1,505
Glass Work	<u>4,572</u>

Subtotal DPW	\$73,363
Outside Contractor – Exterior Repairs	
Granite Replacement	<u>\$18,000</u>
Total Preliminary Estimate	\$91,363

Comments:

1. The Department of Public Works has contacted 20 firms that perform masonry work (granite replacement) in order to determine which firms would be able to perform the required exterior repairs. Five firms (including one WBE firm) have expressed an interest in the repair work. The DPW will invite the five firms to submit formal bids for the granite replacement work in the next few weeks.
2. The emergency repairs to Chambers 22 and 23 and the associated offices at the Hall of Justice to be accomplished on an expedited basis by DPW, began a week after the fire. Interior repairs will be completed in September, 1993 and exterior repairs will be complete by November, 1993.

Recommendation: Approve the proposed resolution.

Items 4 and 5 - Files 101-93-9 and 102-93-6

Department: Airports Commission

Items: Supplemental appropriation ordinance, Airports Commission, appropriating \$1,296,417 for permanent salaries, miscellaneous, and related mandatory fringe benefits for fiscal year 1993-94, providing for ratification of action previously taken (File 101-93-9).

Ordinance amending the 1993-94 Annual Salary Ordinance to provide a salary increase for Airport Police Officer classifications, effective July 1, 1993 (File 102-93-6).

Amount: \$1,296,417

Source of Funds: Airport Unappropriated Revenues

Description: In November, 1990, the San Francisco electorate approved Proposition D, which authorized represented Airport Police Officers to engage in collective bargaining over wages, benefits and working conditions, and for either party to resolve matters resulting in impasse through final and binding interest arbitration. Beginning in February, 1991, Airport management representatives met with the employee bargaining group, the Airport Police Officers Association, to negotiate wages, retirement, health benefits, discipline, grievances, substance abuse testing, job qualifications, and other issues. The parties were unable to reach agreement and the Airport Police Officers Association declared impasse in April, 1992. An impartial arbitrator was selected in September, 1992, and arbitration was concluded in March, 1993. At that time, the arbitration panel, which included the arbitrator and one representative each from the City and the employee bargaining group, met privately to consider both parties' briefs and final offers. On June 26, 1993, the Airports Commission received the arbitration panel's decision on all outstanding issues. This decision included the following provisions:

- An eight percent salary increase retroactive to July 1, 1992, a 3 percent increase retroactive to January 1, 1993, and a 5 percent increase retroactive to July 1, 1993. These increases are compounded. (This salary increase is reflected in the proposed amendment to the Annual Salary Ordinance, File 102-93-6.)

- A two percent increase in employee contributions to the State Public Employees Retirement System (PERS) on July 1, 1993 and an additional two percent increase effective July 1, 1994.
- The creation of various new premium pay categories, including, but not limited to the categories of Field Training, POST Training, two-wheel motorcycle, bomb technician, and canine training. The Airport estimates the total annual cost of these new premium pay categories will be \$66,700, an amount which is factored into individual officer salary pay scales.
- Eligibility for dental benefits, at a cost of \$60 per month per officer.

The \$1,296,417 additional first year costs for these new provisions, included in the proposed supplemental appropriation request, are as follows:

- Increased salaries for the current 1993-94 fiscal year would be \$397,059, based on the number of Airport Police Officers and the amount of increased salaries;
- \$657,972 for miscellaneous salary increases retroactive to July 1, 1993;
- \$114,480 for dental benefits;
- \$126,906 for additional retirement benefits.

Comments:

1. According to Ms. Angela Gittens of the Airport, the Memorandum of Understanding (MOU) includes a provision that would provide a new two percent at 50 early retirement plan to Airport Police Officers. (This is separate from the one and two percent employee contributions to PERS noted above.) According to Ms. Gittens, the City Attorney's Office has indicated that the arbitration panel did not act in conformance with the Charter in creating this plan, since City retirement plans are not subject to binding arbitration. The City Attorney is challenging this provision. Therefore, funds for this provision regarding early retirement, which would result in an annual cost increase of approximately \$1 million, are not included in the proposed supplemental appropriation request.

2. Based on the provisions of the new MOU, the Airport provided the following estimates regarding the per employee cost of the new Memorandum of Agreement:

Average Airport Police Officer Salaries & Benefits

	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>
Annual Salary	\$42,811	\$46,929	\$49,276	\$51,247
Premium Pay	3,135	3,135	4,178	4,178
Overtime Pay	<u>3,087</u>	<u>3,384</u>	<u>3,553</u>	<u>3,696</u>
Gross Pay	\$49,033	\$53,448	\$57,007	\$59,121
Fringe Benefits	<u>15,411</u>	<u>15,411</u>	<u>17,271</u>	<u>18,496</u>
Total Pay & Benefits	\$64,444*	\$68,859	\$74,278	\$77,617

*Current salary plus benefits

3. Based on the total authorized Airport Police Officers in the FY 1993-94 Annual Salary Ordinance, the maximum (Step V) additional salary costs for Airport Police from the new Memorandum of Agreement, not including fringe benefits, would be as follows:

	a.	b.	c.	d.	e.
		Number	Current Step	Proposed Step	Maximum
<u>Position</u>		<u>Authorized</u>	<u>V Annual Salary</u>	<u>V Annual Salary</u>	<u>Annual Add'l Salary Obligation*</u>
Officer		126	\$42,647	\$49,825	\$904,428
Sergeant		22	49,564	57,968	184,888
Lieutenant		10	56,846	66,425	95,790
Captain		4	65,146	76,160	44,056
Deputy Chief		1	72,532	84,773	12,241
Chief		1	76,604	89,471	<u>12,867</u>

TOTAL MAXIMUM ADDITIONAL ANNUAL OBLIGATION
FROM SALARY INCREASES \$1,254,270

*Equals column "d" less column "c" times column "b."

These new salaries would be reflected in the proposed amendment to the Annual Salary Ordinance (File 102-93-6).

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4. The total estimated additional costs for the MOU over the entire four year contract period (July 1, 1991 to June 30, 1995), including current and retroactive salary increases, premium pay, and new benefits, are \$3.6 million.

5. According to Mr. Jon Holtzman of the City Attorney's Office, any award made by a binding arbitrator is binding upon the Board of Supervisors, in accordance with the terms of Proposition D, and any costs associated with such an award must be appropriated.

6. According to Mr. Holtzman, Proposition D does not include a provision for the Board of Supervisors or the Mayor to overturn an award. Although the arbitrator is required to consider the availability of funds, no similar provision authorizes the Board of Supervisors to reject an arbitration award based on lack of funds. The Mayor and the Board of Supervisors must approve any award made by an arbitrator, unless such award is subject to judicial challenge, according to Mr. Holtzman.

Recommendation: Based on the provisions of Proposition D, approve the proposed ordinances.

Items 6 and 7 - Files 101-93-8 and 102-93-7

Department: Superior and Municipal Courts

Items: File 101-93-8 - Supplemental Appropriation Ordinance for (1) permanent salaries and related mandatory fringe benefits, for the creation of two positions and (2) equipment.

File 102-93-7 - Ordinance to amend the Annual Salary Ordinance to create two new positions.

Amount: \$195,493

Source of Funds: Court Automated Accounting Fund (State-authorized Special Revenue Fund)

Description: Mr. Alan Carlson, Chief Executive Officer of the Superior and Municipal Courts reports that the Court Automated Accounting Fund, which was established in 1991, is restricted, pursuant to State law, for use for Municipal and Superior Court automation projects, with an emphasis on automating accounting functions. The Fund is allocated 2 percent of Court criminal fines and forfeitures and traffic fines. Mr. Carlson advises that the current balance of the Fund is \$1,021,000.

Ms. Kate Harrison of the Superior and Municipal Courts reports that the current accounting systems in the Superior and Municipal Courts are primarily manual systems with the exception of the Courts processing of fees and compensation collected directly by the Courts. Ms. Harrison advises that these manual systems are cumbersome and inefficient. As such, the Superior and Municipal Courts are proposing to hire two positions of Fiscal Systems and Services Coordinator and Applications Programmer respectively, to implement the necessary changes to automate these accounting systems.

The Fiscal Systems and Services Coordinator would be responsible for evaluating the existing accounting systems in the Courts and the Applications Programmer would be responsible for assisting in the implementation of any recommended accounting changes. Specific duties of the Fiscal Systems and Services Coordinator would include, but not be limited to (1) acting as a liaison between the financial/budget operations and data processing divisions in developing new systems and maintaining current systems, (2) developing, supervising and monitoring automated financial systems within the Courts, (3) assisting in the integration of Court finance/accounting procedures into other Court and County systems, (4) supervising and coordinating staff in making

financial operations more efficient and effective, including standardizing procedures, reports and forms and (5) interfacing with County and/or State auditors to insure that findings and recommendations are reviewed and implemented. The Applications Programmer would be responsible for the technical duties required to implement the system changes. Ms. Harrison states that the Fiscal Systems and Services Coordinator would be a limited term position and the Applications Programmer would be a permanent position. Ms. Harrison advises that after the Court's accounting systems are converted to automated systems, the Applications Programmer would maintain and update these systems in addition to working on other computer programming needs in the Courts. Both positions would be filled through an open recruitment process.

The Superior and Municipal Courts are also proposing to provide a Local Area Network (LAN) for the Adult Probation Department and a personal computer and related equipment and software to the Juvenile Probation Department in order to update and improve the accounting systems of these two Departments. The LAN is a computer networking system which allows all computer data to be shared by all users of the system. This system would link together the various accounting system components in the Adult Probation Department as well as link the Adult Probation Department with the Courts. The Adult Probation Department anticipates that having access to the LAN will improve the Department's accounting system because (1) the Department's accounting staff will be able to share spreadsheet files that contain supplemental accounting information, (2) the staff will be able to rearrange and share information from the accounting system using an efficient database system, (3) with spreadsheet availability the Probation Officers workload with respect to collections of fines from probationers could be improved upon and (4) the Department's productivity would be increased by being able to process internal paperwork more quickly.

The Adult and Juvenile Probation Departments are responsible for collecting criminal fines and forfeitures on behalf of the Courts. Therefore, according to Mr. Carlson, State law permits the use of the monies from the Court Automated Accounting Fund to be used for the purchase of the automation equipment to improve these Departments' collection efforts.

The proposed ordinance (File 102-93-7) to amend the 1993-94 Annual Salary Ordinance would create two new positions as follows:

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<u>Classification</u>	<u>Bi-Weekly Salary</u>	<u>Annual Salary</u>
0595 Fiscal Systems & Services Coordinator	\$2,264-\$2,621	\$59,091-\$68,408
0243 Applications Programmer	\$2,737-\$3,344	\$71,436-\$87,276

The proposed Supplemental Appropriation Ordinance (File 101-93-8) would fund the proposed two new positions for the entire 1993-94 fiscal year and the automation equipment as follows:

Personnel

Fiscal Systems & Services Coordinator	\$59,091	
Applications Programmer	71,436	
Fringe Benefits	<u>28,716</u>	
Subtotal Personnel		\$159,243

Equipment

Adult Probation Department:

LAN System

Personal Computers (6 @ \$1,114 each)	\$6,684	
Monitors (6 @ \$470 each)	2,820	
Printers (3 @ \$1,386 each)	4,158	
Personal Computer	2,700	
Monitor	1,250	
Surge Protectors (7 @ \$40 each)	280	
Software	11,438	
Sales Tax	<u>2,420</u>	
Subtotal Adult Probation		31,750

Juvenile Probation:

Personal Computer/Monitor /Printer	\$3,000	
Uninterruptible Power Supply	400	
Backup Tape	600	
Software	<u>500</u>	
		<u>4,500</u>

Total		\$195,493
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Comments:

1. The Electronic Information Processing Steering Committee (EIPSC) has established a policy whereby purchases of up to 20 personal computers are exempt from EIPSC approval. The purchase of the LAN for Adult Probation and the personal computer and related equipment for the Juvenile Probation Department falls under this "Rule of 20".

2. Ms. Harrison reports that the \$71,436 requested for the Applications Programmer and the \$59,091 requested for the Fiscal Systems and Services Coordinator was based on the

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Courts filling these two staff positions by July 1, 1993. According to Ms. Harrison, the earliest date these two positions can be filled is November 15, 1993. Based on these positions being filled effective November 15, 1993, the actual amounts required for the Fiscal Systems and Services Coordinator and the Applications Programmer would be \$37,130 and \$44,887 respectively. As such, the proposed supplemental appropriation ordinance should be amended to (1) reduce the \$71,436 in permanent salaries for the Applications Programmer by \$26,549 to \$44,887 and the corresponding fringe benefits by \$5,841 from \$15,716 to \$9,875 and (2) reduce the \$59,091 in permanent salaries for the Fiscal Systems and Services Coordinator by \$21,961 to \$37,130 and the corresponding fringe benefits by \$4,831 from \$13,000 to \$8,169, for a total overall reduction of \$59,182, from \$195,493 to \$136,311.

3. As noted above, these two new positions would not be funded by General Fund monies but would instead be funded from the Court Automated Accounting Fund, a State-authorized Fund specifically provided for purposes such as those being requested by the Superior and Municipal Courts.

- Recommendations:**
1. Amend the proposed ordinance (File 101-93-8) to reduce the overall amount of the supplemental appropriation by \$59,182, from \$195,493 to \$136,311, as outlined in Comment 2 above and approve the ordinance as amended.
 2. Approve the proposed Annual Salary Ordinance (File 102-93-7).

Item 8 - File 301-93-1

Department: Mayor's Office of Housing (MOH)

Item: Resolution authorizing an application to the California Debt Limit Allocation Committee (CDLAC), to permit the issuance of mortgage credit certificates in the amount of \$15,000,000.

Description: The Mortgage Credit Certificate (MCC) Program is designed to assist first-time homebuyers in purchasing a single-family residence in San Francisco. The Program is directed towards households which would not be able to purchase housing without assistance, such as a mortgage credit certificate. Specifically, the MCC Program provides assistance to first time homebuyers by allowing an eligible purchaser to take an annual credit against Federal income taxes of up to 20 percent of the annual interest payments on a single family residence. A homebuyer awarded a MCC and eligible for a tax credit on the interest expense paid on the mortgage, would still be able to deduct for Federal income tax purposes the remaining amount of the annual mortgage interest payment not claimed as credit. By reducing the Federal income tax burden, the individual is left with more disposable income with which to cover mortgage payments.

In order to take advantage of this Program, the proposed resolution would authorize the Mayor's Office of Housing (MOH) to submit an application to the California Debt Limit Allocation Committee (CDLAC). The submission of an application to CDLAC is necessary because the Internal Revenue Service limits the amount of MCCs that may be issued to local government agencies within a state during each calendar year. The CDLAC further requires that an applicant have on deposit one percent of the amount of the allocation requested. According to Mr. Joe LaTorre of the Mayor's Office of Housing, this deposit is required to ensure that the issuance requirements applicable to mortgage credit certificates are met by the local issuing agency, including the requirement that the first mortgage credit certificate be issued within 120 days of receipt of the mortgage credit certificates from the State.

Thus, the proposed resolution authorizes \$150,000 (1% of \$15,000,000) to be held on deposit in connection with the submission of the application to the CDLAC, and authorizes the Director of the MOH to certify to CDLAC that such funds are available. The deposit of \$150,000 shall consist of a restriction of cash in the Surplus Fund, established pursuant to the Home Mortgage Assistance Trust Agreement of 1982.

The Surplus Fund is a fund that was created within the Home Mortgage Assistance Trust Fund and consists of monies accumulated from loan repayments by individuals participating under the 1982 First Time Homebuyers Bond Program.

In addition, the proposed resolution provides for an amount not to exceed \$50,000 to be transferred from the Surplus Fund to the budget of the MOH for the purpose of paying the administrative costs associated with the establishment of the MCC Program (see Comment #3).

Comments:

1. According to Mr. LaTorre, the MCC Program is much less expensive to administer than the mortgage revenue bond programs that the City has previously used. The bond programs are complicated and require substantial outside resources (i.e. hiring of underwriters). Mr. LaTorre reports that in 1990, a \$35,000,000 bond program had issuance costs of \$800,000 in addition to regular staff time.

2. The MOH estimates that through leveraging the MCC Program, the MOH will be able to assist an estimated 125 households to become first time homebuyers, having average mortgages of \$120,000 (125 x \$120,000 equals \$15,000,000).

3. As noted above, MOH is requesting that \$50,000 be transferred from the Surplus Fund to the MOH to pay for MOH overhead costs to administer the MCC Program. Mr. LaTorre reports that although City staff will fulfill the day-to-day administration of the Program, outside assistance will be needed in the form of a financial advisor (a) to develop a Program manual, (b) train private mortgage lenders, (c) participate in seminars on how the program works and (d) provide outreach to the real estate community. Mr. LaTorre further reports that outside tax counsel will be needed to determine if the Program meets Internal Revenue Service regulations. The MOH estimates a cost of \$20,000 to secure a financial advisor, \$10,000 to secure outside tax counsel, \$4,000 in application fees to CDLAC, \$3,000 in publishing costs, \$5,000 in printing costs and \$8,000 for miscellaneous expenses totaling \$50,000. Because the disbursement of the \$50,000 from the Surplus Fund to the MOH would be subject to separate supplemental appropriation approval by the Board of Supervisors, the subject resolution should be amended to delete authorizing \$50,000 to be transferred to MOH pending the supplemental appropriation. The Mayor's Office of Housing reports that a more detailed accounting of the applicable costs will be provided at that time.

4. Under the MCC Program, a mortgage credit certificate will only be issued for the acquisition of single-family residences located in San Francisco. Single-family residences include single-family detached houses, townhouses, condominiums or duplexes in which one of the units will become the owner's principal residence. The program description, with the eligibility requirements for the proposed 1994 Mortgage Credit Certificate Program, is attached.

- Recommendations:**
1. Delete the third FURTHER RESOLVED clause (page 3, lines 12-17) which authorizes \$50,000 to be transferred to MOH, as described in Comment 3 above.
 2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

PROGRAM DESCRIPTION

Proposed 1994 Mortgage Credit Certificate Program

CITY AND COUNTY OF SAN FRANCISCO

The City and County of San Francisco plans to submit an application to the State of California Debt Limit Allocation Committee (CDLAC) to obtain authority for the issuance of Mortgage Credit Certificates (MCC's). The MCC program is designed to assist first-time homebuyers in purchasing a single-family home in San Francisco. The program is specifically directed toward households which would not be able to purchase housing without assistance such as an MCC. Participation by current San Francisco residents will be encouraged.

The MCC program will provide assistance to first-time homebuyers by allowing an eligible purchaser to take up to 20 percent of his or her annual mortgage interest payment as a dollar-for-dollar tax credit against federal income tax (see attachment). The Mortgage Credit Certificate will be used to assist the qualifying homebuyer in obtaining an effective reduction in monthly mortgage payments. By adjusting the homebuyer's allowance on his or her W-4 to reduce the amount of tax withheld by the employer, the purchaser will have more monthly take-home income available to cover mortgage payments.

Eligibility Requirements

In order for a potential homebuyer to receive a Mortgage Credit Certificate, the following conditions must be met:

1. Principal Residence: A Mortgage Credit Certificate will only be issued with respect to the acquisition of a single-family residence located in San Francisco. A single-family residence includes a single-family detached house, a townhouse, a condominium or [a duplex in which one of the units will become the owner's principal residence]. The single-family residence being considered for financing must become the purchaser's permanent, principal residence within a reasonable time after the financing has been executed.
2. First-Time Homebuyer Requirement: The prospective certificate holder may not have any "ownership interest" in a principal residence at any time during the 3-year period prior to the date on which the mortgage on the residence purchased in connection with the MCC is made.
3. Purchase Price Requirement: The maximum purchase price of a house permitted in conjunction with the use of a Mortgage Credit Certificate cannot exceed 90% of the average area purchase price in the San Francisco PMSA. The present limits for single-family units are:

For existing housing	\$203,400
For new housing	\$257,490

4. Income Limits: The maximum income for households interested in utilizing the MCC program cannot exceed 100% (1 and 2 person households), or 115% (3 or more person households) of the median income for the PMSA, adjusted for household size. The present limits are:

For 1 or 2 person households	\$56,100
For 3 or more person households	\$64,515

5. New Mortgage Requirement: A Mortgage Credit Certificate will only be issued in connection with a new mortgage. It cannot be used in connection with the acquisition or replacement of an existing mortgage.



Item 9 - File 7-93-9.5

- Department:** Public Utilities Commission (PUC)
- Item:** Resolution urging the Mayor to urge the Public Utilities Commission to retain transfers on the Municipal Railway and to restore the three-day grace period for all monthly fast passes.
- Description:** The proposed resolution would urge the Mayor to urge the PUC to retain the use of transfers on the Municipal Railway, which are scheduled to be eliminated as of October 1, 1993. In addition, the proposed resolution would urge the Mayor to urge the PUC to restore the three-day grace period for all monthly fast passes, which was eliminated effective September 1, 1993. The three-day grace period policy previously enabled riders to ride Muni using their prior monthly fast pass for the first three days of the subsequent month. For example, a rider with an August, 1993 monthly fast pass could use Muni through September 3, 1993.
- Comments:**
1. On September 14, 1993, the Mayor sent a letter to the President of the PUC requesting that the PUC review the Muni transfer issue and suggesting that a contingency plan be developed "to bring back some form of the transfer system" (See Attachment). At the September 14, 1993 PUC meeting, Muni youth, elderly and disabled fares, transfer policies, and the elimination of the three-day grace period for monthly fast passes were discussed, however, no final action was taken by the PUC. Ms. Kathleen Kelly of the PUC reports that the PUC will be meeting again on September 17, 1993 to discuss a potential date in October, 1993 to schedule new fare hearings at which time the issues of the transfer policies and the three-day grace period could be more fully discussed and action could be taken.
 2. According to Ms. Kelly, on April 13, 1993, the PUC approved the original Muni fare package for 1993-94, which retained the three-day grace period for monthly fast passes and the City's transfer policy, but increased the adult fares from \$1.00 to \$1.25 and increased the monthly fast pass for adults from \$32 to \$37 per month. PUC staff estimated that the entire proposed Muni fare package, which included several other fare increases, would generate an additional \$14 million of revenue in fiscal year 1993-94.

3. Based on suggestions by the Board of Supervisors, on July 13, 1993, the PUC adopted a revised fare proposal which included the elimination of transfers and the three-day grace period, and the creation of weekly passes for a \$9 fare and discounted tokens to be sold at a cost of \$0.80 for any one-way fare. The basic adult cash fare remained at \$1.00 and the adult monthly fast pass increased from \$32 to \$35 per month. The Board of Supervisors amended the PUC's proposed fares to include an adult day pass for \$2.25 and approved the revised fare proposal.

4. The PUC was uncertain regarding the amount of revenue that would actually be produced by this revised fare proposal. However, the Controller agreed to certify Muni's funding for the existing budget which included total additional revenues of \$14 million, on the basis of preliminary projections of \$7.7 million for the elimination of transfers, for a trial period of three to four months. If, at the end of the trial period, which PUC staff is projecting to be in late December, the revenues realized are less than the projections, Muni would be required to reduce expenditures, including reducing services, or increase revenues in order to balance the fiscal year 1993-94 budget.

5. Ms. Kelly reports that 110,000 to 115,000 Muni boardings per day are with a transfer, or approximately 15 percent of the 750,000 daily trips provided by Muni. In addition, approximately 22,500 or three percent of the daily boardings use transfers twice.

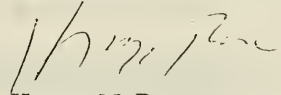
6. It should be noted that although the revised fare package, included the elimination of the use of transfers, it provided new day passes at \$2.25 and weekly passes at \$9 for adult riders. However, no such day or weekly passes were created for youth, seniors or handicapped riders, although their use of transfers was eliminated and their one-way fares were increased from \$.25 to \$.35.

7. Mr. George Krueger of the City Attorney's Office reports that in accordance with Charter Section 3.598, Muni fare changes must originate with the PUC. Charter Section 3.598 also states that Muni fare hearings must be advertised for five days and that the public hearing must be held no less than ten days after the last day of publication of the advertisement. As a result of these public hearing and noticing requirements, it does not appear possible at this late date to retain the immediate use of transfers on Muni, which are scheduled to be eliminated as of October 1, 1993.

BOARD OF SUPERVISORS
BUDGET ANALYST

Furthermore, Ms. Kelly notes that, given the policy to eliminate transfers, the PUC has not ordered any transfers for October, 1993 and the vendor who prints the transfers for Muni indicates that it would take approximately two weeks to print and deliver such transfers to Muni. As noted above, the PUC intends to schedule a public hearing in October, 1993 to review Muni fare policies, including the use of transfers and the three-day grace period for monthly passes.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

Office of the Mayor
SAN FRANCISCO



FRANK M. JORDAN

September 14, 1993

Honorable Kay Yu
President, San Francisco Public Utilities Commission
City Hall, Room 287
San Francisco, CA 94102

Dear Commissioner Yu:

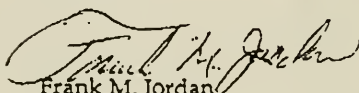
I know that Muni is in the middle of preparing for the elimination of transfers on October 1st. With the elimination of transfers a day pass program will be implemented.

I am not sure that the elimination of transfers is the best thing to do for the riders of Muni. The Board of Supervisors suggested the elimination of transfers as a way of helping to solve the budget problem by creating an addition to one source of revenue. Basically, no transfers means making some people pay twice or even three times just to get to their destination.

I feel the issue of transfers should be looked at again. This Board's idea of a transit system with no transfers may not work. If this program does not work this Commission should be ready with a plan to bring back some form of the transfer system. The idea of one-time, one-way, one-hour transfers could be ready to be implemented.

Muni is our City's lifeline. We should be making it easier for people who use our transit system to get around, not more difficult. If your Commission can direct staff to look into a better program, I think we will all be better prepared. Thank you for your assistance with this matter.

Sincerely


Frank M. Jordan
Mayor

cc: Honorable Members of the Public Utilities Commission
Mr. Anson Moran, Acting General Manager, Public Utilities Commission

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9/29/93

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AUG 27 1996

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CALENDAR

Action
Taken

**BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

WEDNESDAY, SEPTEMBER 29, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

Note: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

1. File 97-93-44. [Filing and Findings Fees] Ordinance amending Administrative Code by adding Section 2B.9 to require payment of a fee for filing an application for refund with the Assessment Appeals Board, increasing the fee for written findings of fact and conclusions, and increasing the compensation of members of the board.
(Supervisor Kaufman)
(Continued from 8/25/93)

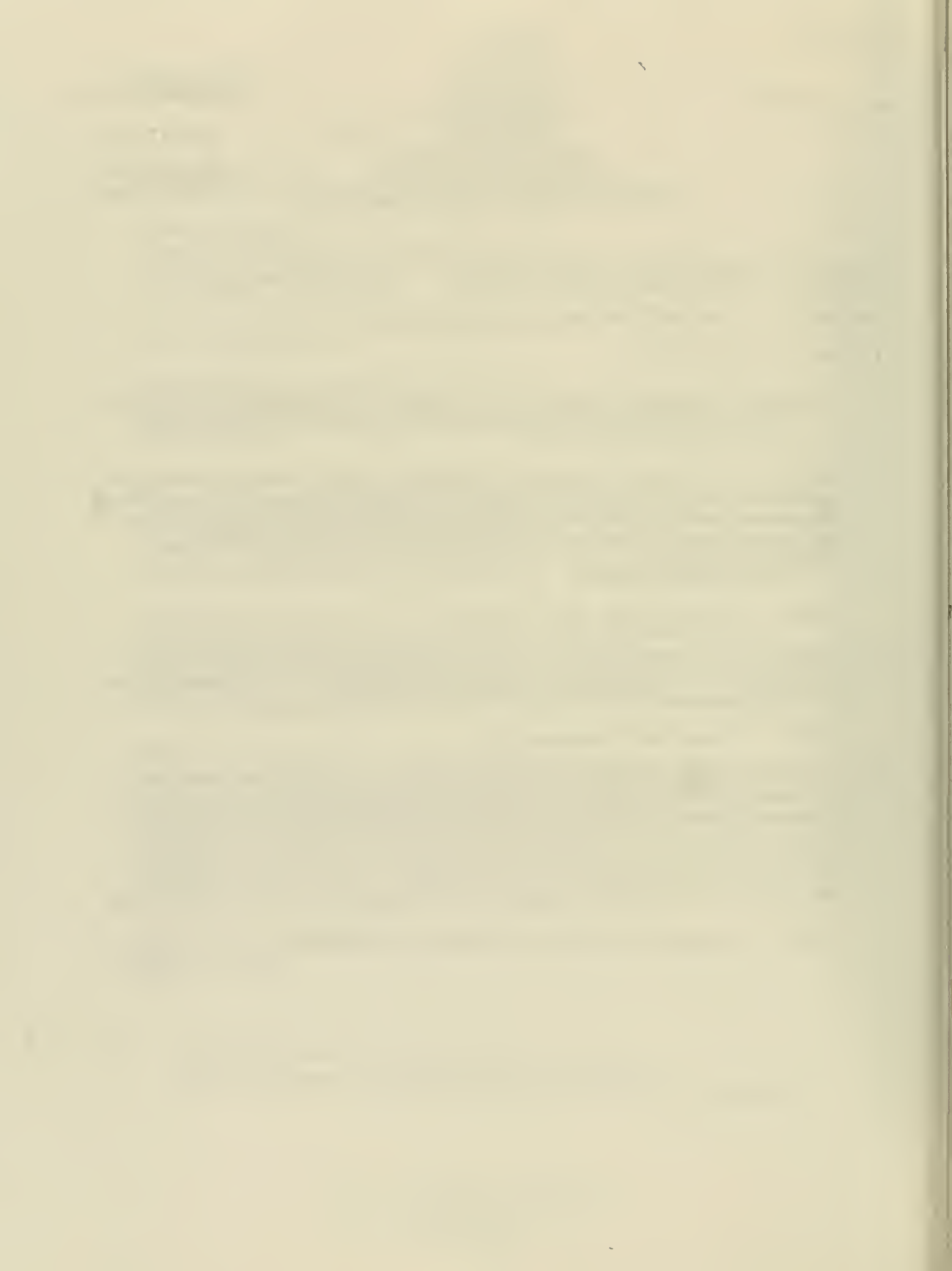
ACTION: Continued to the call of the chair.

2. File 82-93-7. [Property Acquisition - Noise Easements] Resolution authorizing the acquisition of 150 noise easements in the City of South San Francisco comprising their Phase VIII Program - \$375,000. (Real Estate Department)

ACTION: Hearing held. Recommended.

3. File 98-93-1. [Budget Analyst] Motion exercising the second option set forth in the agreement to provide Budget Analyst services between the Board of Supervisors and Stanton W. Jones and Associates/Debra A. Newman/Rodriquez, Perez, Delgado & Company Certified Public Accountants/Harvey M. Rose Accountancy Corporation Certified Public Accountants/Wallace, Mah & Louie Certified Public Accountants A Joint Venture to extend the term of the agreement for two years from January 1, 1994 to December 31, 1995, and adopting a revised agreement. (Clerk of the Board)

ACTION: Hearing held. Continued to October 6, 1993 meeting.



Resolution urging the Mayor to urge the Juvenile Probation Department to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall. (Supervisors Alioto, Leal)

ACTION: Continued to October 6, 1993 meeting at the request of the sponsor.

5. File 42-93-47. [Street Closing] Resolution waiving the requirement that applicant for closure of portions of Castro, Market, Noe, 16th, 17th and 18th Streets on Sunday, October 31, 1993 for the Annual Castro Halloween Celebration provide insurance and waiving requirement for payment of fees to the City. (Supervisor Migden)

ACTION: Hearing held. Recommended.

6. File 114-91-2.1. [Automatic Sprinkler Systems - Existing High-Rise Buildings] Resolution endorsing those changes and providing findings as to the local conditions requiring changes from the California Building Standards Code, as required by the California Health and Safety Code. (Supervisors Hsieh, Shelley, Bierman)

(Continued from 9/15/93)

(9/2/93 - Recommended and transferred from Housing and Land Use Committee
- Fiscal Impact
Present: Supervisors Bierman and Shelley
Absent: Supervisor Maher)

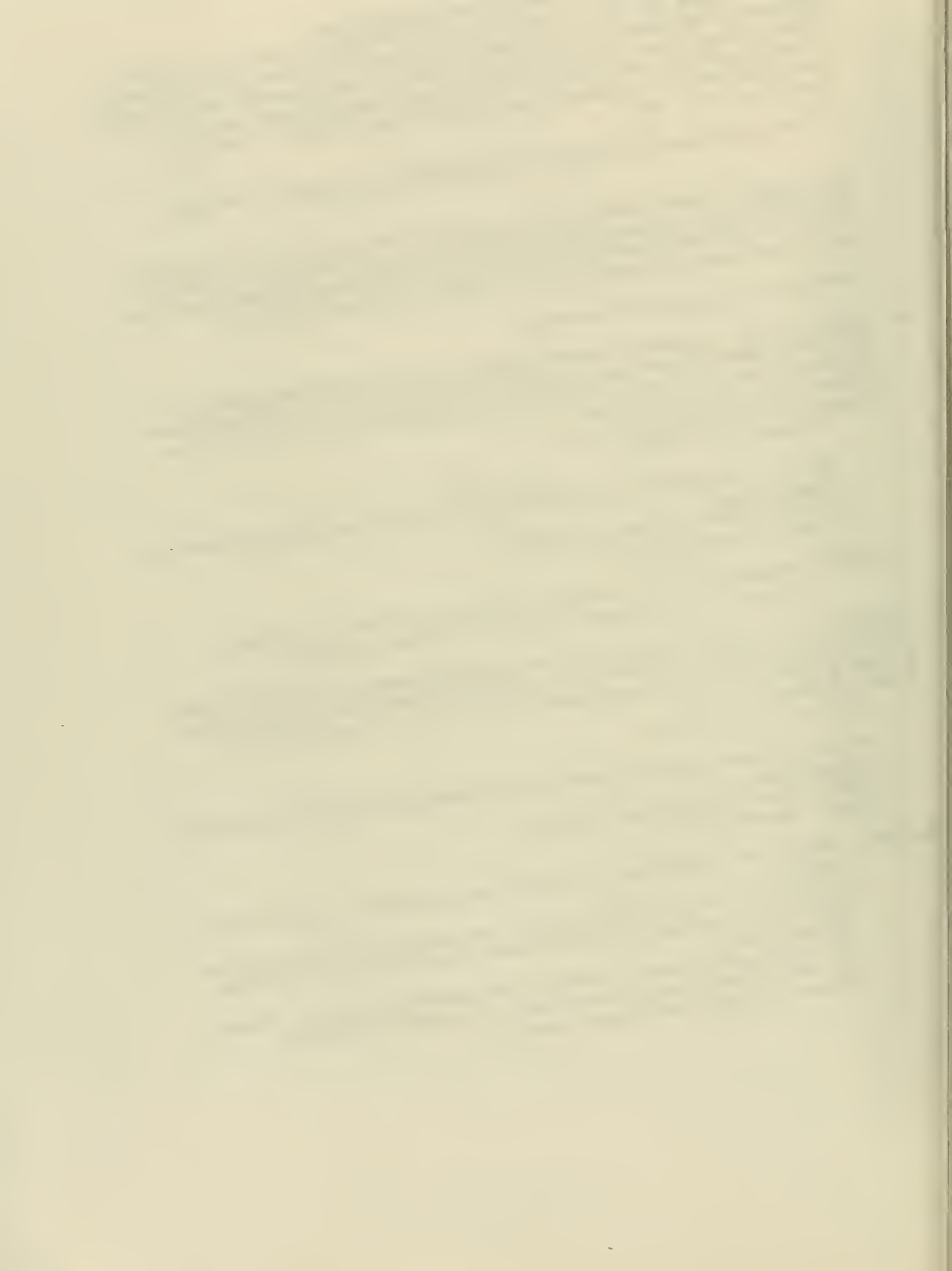
ACTION: Hearing held. Recommended to Board for consideration on Monday, October 18, 1993. (Supervisor Bierman added as co-sponsor.)

- File 114-91-2. [Sprinkler Systems, High-rise Buildings] Ordinance amending Building Code by amending Section 1746 to require installation of automatic sprinkler systems in existing high-rise buildings; companion to File 114-91-2.1 (Supervisor Hsieh, Shelley, Bierman)

(Continued from 9/15/93)

(9/2/93 - Recommended and transferred from Housing and Land Use Committee
- Fiscal Impact
Present: Supervisors Bierman and Shelley
Absent: Supervisor Maher)

ACTION: Hearing held. Amendment of the whole (as presented by Supervisor Hsieh) adopted.
New Title: "Amending Building Code by amending Section 1746 to require installation of automatic sprinkler systems in existing high-rise buildings; effective date."
Recommended as amended to Board for consideration on Monday, October 18, 1993. (Pending further amendments to be presented in Board.)
(Supervisor Bierman added as co-sponsor.)



CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

September 27, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: September 29, 1993 Budget Committee Meeting

Item 1 - File 97-93-44

Note: This item was continued by the Budget Committee at its meeting of August 25, 1993.

Department: Assessment Appeals Board (AAB)

Item: Ordinance amending the San Francisco Administrative Code by adding Section 2B.9 to require payment of a fee for filing an application for refund with the Assessment Appeals Board, increasing the fee for written findings of fact and conclusions, and increasing the compensation of members of the Assessment Appeals Board.

Description: I. Filing Fees

The number of assessment appeals filed with the Assessment Appeals Board (AAB) by taxpayers each year has increased from approximately 650 in 1990 to more than 970 in 1992, or by 49 percent, thus increasing the number of days per year required by the AAB to hear and determine the appeals. Because the members of the AAB are paid per diem, the increase in appeals has increased the AAB's costs of operation. The AAB's overhead, clerical costs, costs of reproduction of audio-tapes and graphics, and legal fees have also increased as a direct result of the increase in numbers of appeals and hearing days.

Currently, no fee is required to file an assessment appeal with the AAB. In order to cover the costs of hearing and

determining assessment appeals, the proposed ordinance would require a taxpayer filing an assessment appeal with the AAB to pay a filing fee. Since the AAB's cost to hear and determine an appeal generally increases in direct proportion to the assessed value of the property affected by the appeal, the filing fee for an assessment appeal would be based on the current assessed value of the property affected by the appeal. The filing fee would be determined such that properties within ranges of assessed value that generally require the same expenditure of time for hearing and determination by the AAB would pay the same filing fee. The fee would not exceed the AAB's total cost to hear and determine the appeal. The following is the proposed schedule for filing fees:

<u>Where the property affected by the application is:</u>	<u>Fee</u>
1. Either unimproved or the applicant's principal residence and valued at \$250,000 or less	No Charge
2. Either unimproved or the applicant's principal residence and valued at \$250,001 - \$500,000	\$10
3. Either unimproved or the applicant's principal residence and valued at \$500,001 - \$1,500,000	\$20
4. Either unimproved or the applicant's principal residence and valued at more than \$1,500,001	30
5. Properties that have been improved and are not the applicant's principal residence and valued at \$0 - \$2,000,000	50
6. Properties that have been improved and are not the applicant's principal residence and valued at \$2,000,001 - \$10,000,000	100
7. Properties that have been improved and are not the applicant's principal residence and valued at \$10,000,001 - \$20,000,000	150
8. Properties that have been improved and are not the applicant's principal residence and valued at \$20,000,001 - \$50,000,000	250
9. Properties that have been improved and are not the applicant's principal residence and valued at \$50,000,001 - \$100,000,000	350
10. Properties that have been improved and are not the applicant's principal residence and valued at more than \$100,000,000	450

II. Fees for Findings of Fact

In 1988, the Budget Analyst conducted a study of the reasonable cost to the AAB to prepare written findings and conclusions entitled "Budget Analyst's Cost Analysis of AAB Findings of Fact," contained in File No. 129-88-1. The Budget Analyst concluded in this study that the AAB's cost of providing written findings of fact and conclusions, not including the time that would ordinarily be spent to process an assessment appeal, was in the range of \$137 to \$167 for the average appeal. As a result of this study, the Board of Supervisors increased the fee for written findings of fact and conclusions from \$10 to \$75 (Resolution No. 22-89) for all applications, regardless of the value of the property.

The Budget Analyst has updated the 1988 study in a memorandum entitled "Updated Cost Analysis of Assessment Appeals Board Findings of Fact," dated January 8, 1993, finding that the cost to prepare written findings of fact and conclusions for the average assessment appeal has increased to \$147 to \$177.

The proposed ordinance would increase the fee from \$75 for applications, regardless of property value, for written findings of fact and conclusions as follows:

<u>Where the property affected by the application is valued at:</u>	<u>Fee</u>
\$0 - \$1,000,000	\$100
\$1,000,001 - \$2,000,000	125
\$2,000,001 - \$10,000,000	150
\$10,000,001 - \$20,000,000	200
\$20,000,001 - \$50,000,000	250
\$50,000,001 - \$100,000,000	300
More than \$100,000,000	350

III. Compensation of Members of the AAB

The current compensation of members of the AAB of \$50 per one-half day, or \$100 per day, is substantially below the compensation paid to member of Assessment Appeals Boards in counties of comparable size and importance. The compensation per day of members of the AAB in the following four Bay Area counties is as follows (See Comment 5):

Alameda County	\$150
Marin County	200
Contra Costa	150
Santa Clara	200

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed ordinance would increase the compensation of AAB members from \$50 to \$100 for each one-half day of service.

Comments:

1. In a report by Mr. Andrew Schwartz, Deputy City Attorney, Mr. Schwartz confirms that the revenue from the proposed Assessment Appeal filing fees would not exceed the cost to process the appeal. The following table illustrates the cost of processing an appeal, as conservatively estimated by Ms. Marilyn Cosentino, Assessment Appeals Board (AAB) Administrator, in any of the 10 proposed categories of assessed value, versus the proposed filing fee for that category.

<u>Where the property affected by the application is:</u>	<u>Estimated Minimum Cost to Process Appeal</u>	<u>Proposed Filing Fee</u>	<u>Excess of Cost Over Fee</u>
1. - 4. Either unimproved or the applicant's principal residence	\$37	\$0 - \$30	\$7 - \$37
5. Properties that have been improved and are not the applicant's principal residence and valued at \$0 - \$2,000,000	77	50	27
6. Properties that have been improved and are not the applicant's principal residence and valued at \$2,000,001 - \$10,000,000	137	100	37
7. Properties that have been improved and are not the applicant's principal residence and valued at \$10,000,001 - \$20,000,000	277	150	127
8. Properties that have been improved and are not the applicant's principal residence and valued at \$20,000,001 - \$50,000,000	397	250	147
9. Properties that have been improved and are not the applicant's principal residence and valued at \$50,000,001 - \$100,000,000	637	350	287
10. Properties that have been improved and are not the applicant's principal residence and valued at more than \$100,000,000	1,200	450	750

2. Although the Assessment Appeals Board has not developed revenue estimates for the proposed legislation, according to the Sponsor's office, if the AAB assessed filing fees based on the ten categories set forth in the proposed ordinance, the City would have received total revenues in 1992 of \$65,720 (\$43,813 in FY 1993-94 based on an effective date of 11/1/93), or 48 percent of the AAB's total budget of \$136,500 for FY 1993-94. Based on a prior review, the Budget Analyst concurs with these basic estimates.

3. In 1992, 20 applications for written findings of fact were processed by the AAB at a fee of \$75 per application, for a total of \$1,500 in revenue. The Budget Analyst estimates that the proposed changes in finding of fact fees would produce \$3,225 in annual revenues, or an additional \$1,725 (\$1,150 in FY 1993-94 based on an effective date of 11/1/93), based on the number of applications filed in 1992. The following table provides a breakdown of estimated annual revenue from the proposed finding of fact fees.

<u>Where the property affected by the application is valued at:</u>	<u>Number of</u>	<u>Findings</u>	<u>Estimated</u>
	<u>Applications</u>	<u>of Fact</u>	
	<u>Within</u>	<u>Fee</u>	<u>Revenue</u>
	<u>Category</u>		
\$0 - \$1,000,000	8	\$100	\$800
\$1,000,001 - \$2,000,000	3	125	375
\$2,000,001 - \$10,000,000	4	150	600
\$10,000,001 - \$20,000,000	0	200	0
\$20,000,001 - \$50,000,000	3	250	750
\$50,000,001 - \$100,000,000	0	300	0
More than \$100,000,000	2	350	700
TOTAL	20		\$3,225

4. There are three AAB members who are budgeted to work for 75 full days in FY 1993-94. These AAB members currently receive \$50 per one-half day of service (\$100 per full day), for a total annual cost of \$22,500 (3 x 75 days x \$100/day) for FY 1993-94. The proposed ordinance would increase their compensation to \$100 per one-half day, or \$200 per full day, resulting in annual increased costs of \$22,500 (\$15,000 in FY 1993-94 based on an effective date of 11/1/93) and total annual costs of \$45,000 (3 x 75 days x \$200/day).

5. According to Mr. Schwartz, members of Assessment Appeals Boards in other counties in California comparable in size to San Francisco, such as San Diego, Los Angeles and Santa Clara, receive at least \$200 each per day in compensation.

6. Based on an estimated effective date of November 1, 1993, the proposed ordinance is estimated to produce total additional revenue of \$44,963 (\$43,813 in filing fees + \$1,150 in additional findings of fact fees) in fiscal year 1993-94, based on 1992 figures. Based on a November 1, 1993 effective date, these additional revenues would be offset by an additional cost of \$15,000 for AAB compensation, resulting in net revenues of \$29,963 (\$44,963 less \$15,000). In accordance with the proposed ordinance, these additional net revenues would be used to partially pay for the AAB's total costs of operations, including the increased compensation of AAB members.

7. According to Mr. Schwartz, the proposed filing fee for assessment appeals would be preempted by Assembly Bill 1422, which was recently approved by the State Legislature, but has not yet been signed by the Governor. Assembly Bill 1422 would establish a flat assessment appeal filing fee of \$50, except for owner-occupied single family residences, which would not pay any fee, regardless of the value of the property. Mr. Schwartz reports that since the Governor has until October 10, 1993 to sign this State legislation, the proposed legislation should be continued pending the outcome at the State. If the Governor signs the pending Assembly Bill, the proposed local legislation would need to be amended to delete the proposed filing fees for assessment appeals. However, according to Mr. Schwartz, the pending State legislation would not affect the fees for findings of fact or the proposed compensation changes for members of the Assessment Appeals Board, which are included in the proposed legislation.

Recommendation: As recommended by the City Attorney's Office, continue the proposed ordinance for two weeks pending the outcome of State legislation that could preempt the establishment of separate local filing fees, as contained in the proposed legislation.

Item 2 - File 82-93-7

Department: Real Estate Department
Airports Commission

Item: Resolution authorizing the acquisition of 150 additional noise easements in the City of South San Francisco as a part of their Phase VIII Program.

Amount: \$375,000

Description: The San Francisco International Airport's Noise Easement Acquisition Program consists of insulating private residences and schools in the City of South San Francisco and other cities that are located near the San Francisco Airport.

Acquisition of these easements constitutes Phase VIII of the City of South San Francisco Project. The Board of Supervisors has previously approved eight different resolutions to acquire an estimated combined total of 533 noise easements in the City of South San Francisco. The Real Estate Department advises that a total of eight previous resolutions have been approved for the prior seven Phases of the City of South San Francisco Project because two resolutions, instead of one, were approved for Phase VII of this Project. The proposed resolution would bring the total number of easements acquired by the City of South San Francisco thus far to 683.

Once purchased, the noise easements would remain in effect for 20 years. The cost to the City to acquire the easements would be 20 percent or \$375,000 of the total \$1,875,000 for construction costs and title insurance fees to insulate the residences. The City of South San Francisco would be responsible for the remaining 80 percent or \$1.5 million, of the total construction costs and title insurance fees, which would be paid for by Federal grant funds.

Comments:

1. As noted above, the total cost to the City of purchasing the 150 additional noise easements is estimated at \$375,000. Mr. Marvin Ellis of the Airport reports that these funds are included in the Airport's FY 1993-94 budget for the noise monitoring program.
2. The City Attorney's Office has previously reported that the purchase of noise easements in the City of South San Francisco enables the City to comply with State legal requirements and should result in eliminating costs to defend against noise-related small claims lawsuits.

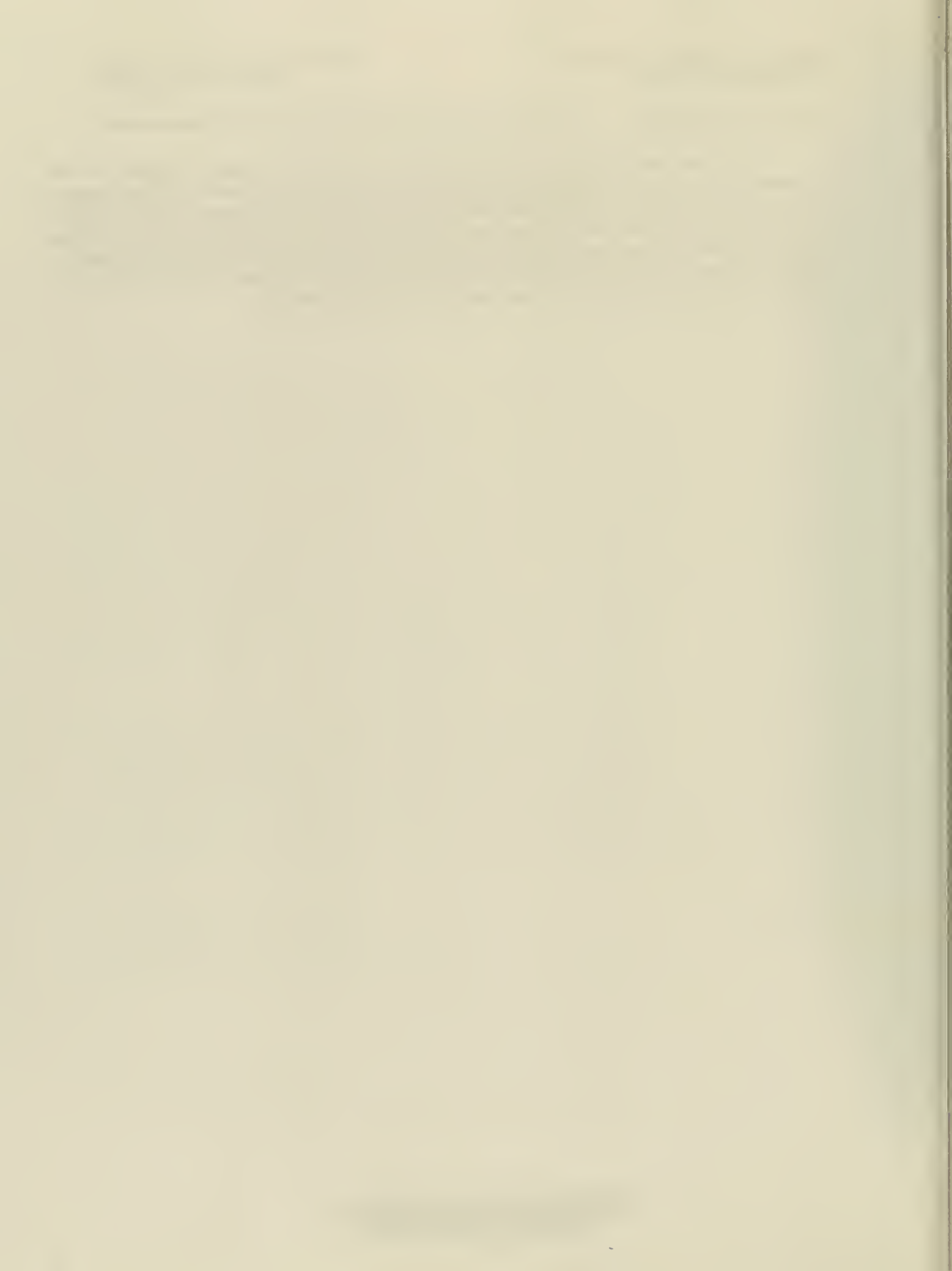
Memo to Budget Committee
September 29, 1993

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 98-93-1

The proposed motion would exercise the second option set forth in the agreement to provide Budget Analyst services between the Board of Supervisors and Stanton W. Jones and Associates/Debra A. Newman/Rodriquez, Perez, Delgado & Company, Certified Public Accountants/Harvey M. Rose Accountancy Corporation, Certified Public Accountants/Wallace, Mah & Louie, Certified Public Accountants, A Joint Venture to extend the term of the agreement for two years from January 1, 1994 to December 31, 1995, and adopting a revised agreement.



Item 4 - File 299-93-1.2

Department: Juvenile Probation Department

Item: Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall.

Description: According to the proposed resolution, the City has had an historic problem with security at the Youth Guidance Center's Juvenile Hall and the recent escape of eleven youths from the Juvenile Hall facility has emphasized the need to address these security problems. Juvenile Hall is the section of the Youth Guidance Center that houses the receiving unit and the living quarters for the juvenile offenders. The resolution states that the presence of institutional officers at the Youth Guidance Center would be a major step toward solving the security problems at the Juvenile Hall. Therefore, the proposed resolution would urge the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation that would allow the Juvenile Probation Department to obtain institutional officers (security personnel) to monitor the perimeter of the outside grounds of the Youth Guidance Center.

Presently, there are no authorized positions which are classified as security type positions at the Youth Guidance Center. The Juvenile Probation Department is proposing to implement several measures to address the security problems at Juvenile Hall. One of these measures involves the around-the-clock stationing of Buildings and Grounds Patrol Officer positions at three separate posts to (1) monitor the staff and visitor entrances and exits from Juvenile Hall (including the checking of staff and visitor identification cards) and (2) provide perimeter security of the outside grounds by foot patrol. The Juvenile Probation Department reports that in order to maintain 24 hour staffing of the three posts on an annual basis, a total of 12.6 permanent positions would be required (4.2 positions per post) plus an additional nine on-call part-time positions. The Juvenile Probation Department's estimated cost for the 12.6 proposed permanent positions and the nine on-call part-time positions for FY 1993-94, based on the positions being filled effective November 6, 1993, is detailed below:

Personnel

Permanent Salaries:

Buildings and Grounds Patrol Officers

(12.6 positions @ \$21,539 each) \$271,391

Temporary Salaries (9 on-call part-time positions) 58,752

Fringe Benefits 58,023

Total \$388,166

On an annual basis, the cost for the 12.6 permanent positions, related fringe benefits and the temporary salaries for the nine on-call part-time positions is estimated to cost \$595,951 (\$505,749 in permanent salaries and fringe benefits plus \$90,202 in temporary salaries).

In addition to the Buildings and Grounds Patrol Officers, the Juvenile Probation Department is also proposing to implement three capital improvement projects for purposes of improving security at Juvenile Hall. The first project involves security lighting and would include the purchase and installation of roof mounted high intensity security lighting fixtures for outside spaces within the Juvenile Hall facility. These lighting fixtures, which would replace the existing lighting fixtures, would be activated by automatic light sensors. The Juvenile Probation Department's total estimated cost for this project is \$335,000. The second project involves the installation of a centralized monitoring system at Juvenile Hall, including a control station closed circuit security system, audible capabilities, perimeter fence control (alarm system which is activated if contact is made with the fence), magnetic door locks, a key control system, exterior roadway lighting and parking accommodations. The Juvenile Probation Department estimates that this project will cost approximately \$2,701,500. The third project would replace the existing fencing around the Juvenile Hall. The Juvenile Probation Department reports that this perimeter fence has been repaired numerous times over the past 40 years and is at or approaching its useful life span. The Department estimates that the replacement of the existing perimeter fence with a new fence will cost approximately \$790,700. The total estimated cost of these three capital improvement projects is \$3,827,200.

Comments:

1. Ms. Patricia Grice, of the Juvenile Probation Department reports that the Department has no surplus in its existing 1993-94 budget to pay for any of the above noted projects. As such, the Department intends to submit a supplemental appropriation requesting the necessary funds from the General Fund Reserve. Currently the General Fund Reserve has a balance of \$10,475,979.

2. The Budget Analyst has received the attached memorandum, from the Clerk of the Board, pertaining to a potential management audit of the Juvenile Hall/Youth Guidance Center facility and Out of Home Placement programs. We estimate that a management audit of the scope specified in the memo from the Clerk of the Board would require 700 hours. At the Budget Analyst's hourly rate of \$66.43, the estimated cost for such a management audit would be \$46,501.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

BOARD of SUPERVISORS



City Hall
San Francisco 94102
554-5184

September 23, 1993

Mr. Harvey Rose
Budget Analyst
1390 Market St
San Francisco, CA 94102

Dear Mr. Rose:

I am writing at the direction of the Board of Supervisors concerning a management audit.

Supervisor Annemarie Conroy inquires as to the hours and costs to conduct a management audit of Juvenile Hall/Youth Guidance Center facility and audit of Out of Home Placement programs.

Your early response to this inquiry, with a copy to Supervisor Conroy, will be very much appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "John L. Taylor".

John L. Taylor
Clerk of the Board

Item 5 - File 42-93-47

Item: Resolution waiving the requirement that the applicant for the closure of portions of Castro, Market, Noe, 16th, 17th and 18th Streets for the Annual Castro Halloween Celebration provide liability insurance, and waiving all fees with the exception of the Street Closure permit filing fee and the loudspeaker permit filing Fee.

Description: According to Section 2.70-3 of the Administrative Code, sponsors of events attended by more than 1,000 persons are required to provide liability insurance policy naming the City as an additional insured, in an amount of \$1 million or more. This insurance requirement may be waived by the Board of Supervisors if the event constitutes the exercise of rights protected under the First Amendment, and the event sponsor submits a sworn statement of indigency.

According to Section 2.70-6(f) of the Administrative Code, the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT) determines the fees to be paid by street fair sponsors (aside from the standard Street Closure Permit Filing Fee, at \$80, which is paid by all event sponsors). A "street fair" is defined as a social or community event, not including an athletic event or parade, in which any group of persons convene to celebrate their community or neighborhood on any street in the City and wherein such event obstructs the normal flow of traffic. The fees charged for such events are as follows:

Fire Department Fee:	\$129.00
Public Health Application Fee:	50.00
Public Health Permit Fee	25.00
Public Health Fee Per Booth Selling Food	10.00
Municipal Railway Fee:	
(per electrically powered vehicle hour)	4.42
Police Department Fee:	
(based on 40 percent of the projected Police Department costs)	Up to \$2,500.00

The applicant for the closure of the Castro Street area for the Annual Castro Street Halloween Celebration is requesting a waiver of the fees included in the above noted fee schedule. This fee schedule does not include the street closure permit filing fee, at \$80 and the loudspeaker permit filing fee, at \$30, which the applicant will pay for.

Any fees paid by event sponsors are to be deposited to the City's General Fund and credited to the departments which

BOARD OF SUPERVISORS
BUDGET ANALYST

incurred the costs. The Administrative Code includes a provision for waiving only the Police Department fees, not for waiving any other fees. However, according to the City Attorney's Office, since these fees are imposed by the Board of Supervisors, the Board of Supervisors has the inherent power to waive any of the fees.

The Sisters of Perpetual Indulgence, a non-profit organization, organizes the Annual Castro Halloween Celebration street closing. According to the proposed resolution, the Sisters of Perpetual Indulgence does not benefit from holding the Castro Halloween Celebration, but rather has acted in past years to the benefit of the City by assisting with maintaining order at an event that would occur spontaneously with or without their involvement. The proposed resolution states that the Sisters of Perpetual Indulgence has submitted a sworn statement that the organization is indigent. Additionally, the proposed resolution would provide that the subject event constitutes the exercise of rights protected under the First Amendment.

The Board of Supervisors has granted a waiver of insurance requirements and payment of fees for the Annual Castro Halloween Celebration every year since the Sisters of Perpetual Indulgence have applied for an official street closing for this event.

Comments:

1. The cost to the City of waiving fees for the Annual Castro Halloween street closing, based on the above noted fee schedule (with the exception of the Street Closure Fee at \$80 and the Loudspeaker Fee at \$30) is estimated to be \$2,704 (including \$2,500 for the Police Department, \$129 for the Fire Department, and \$75 for the Department of Public Health application and permit fees). In addition \$4.42 per Municipal Railway vehicle hour would be charged plus a Public Health fee of \$10 per booth selling food,

2. Mr. Keith Grand, the City's Risk Manager, has previously reported that the costs of waiving the liability insurance requirements are potentially very high. Mr. Grand advises that California law specifies joint and several liability. Mr. Grand advises that under joint and several liability, each party that is named as co-defendant in any suit is liable for up to the entire amount of awarded damages. Thus, if a severe injury or substantial damage to property is sustained by a spectator, participant or adjacent property owner of the Annual Castro Halloween Celebration, and the City as well as the sponsor of the event is named as a co-defendant in a lawsuit, the City would most likely be required to pay the full amount of the damages, since the sponsor of the event, the Sisters of

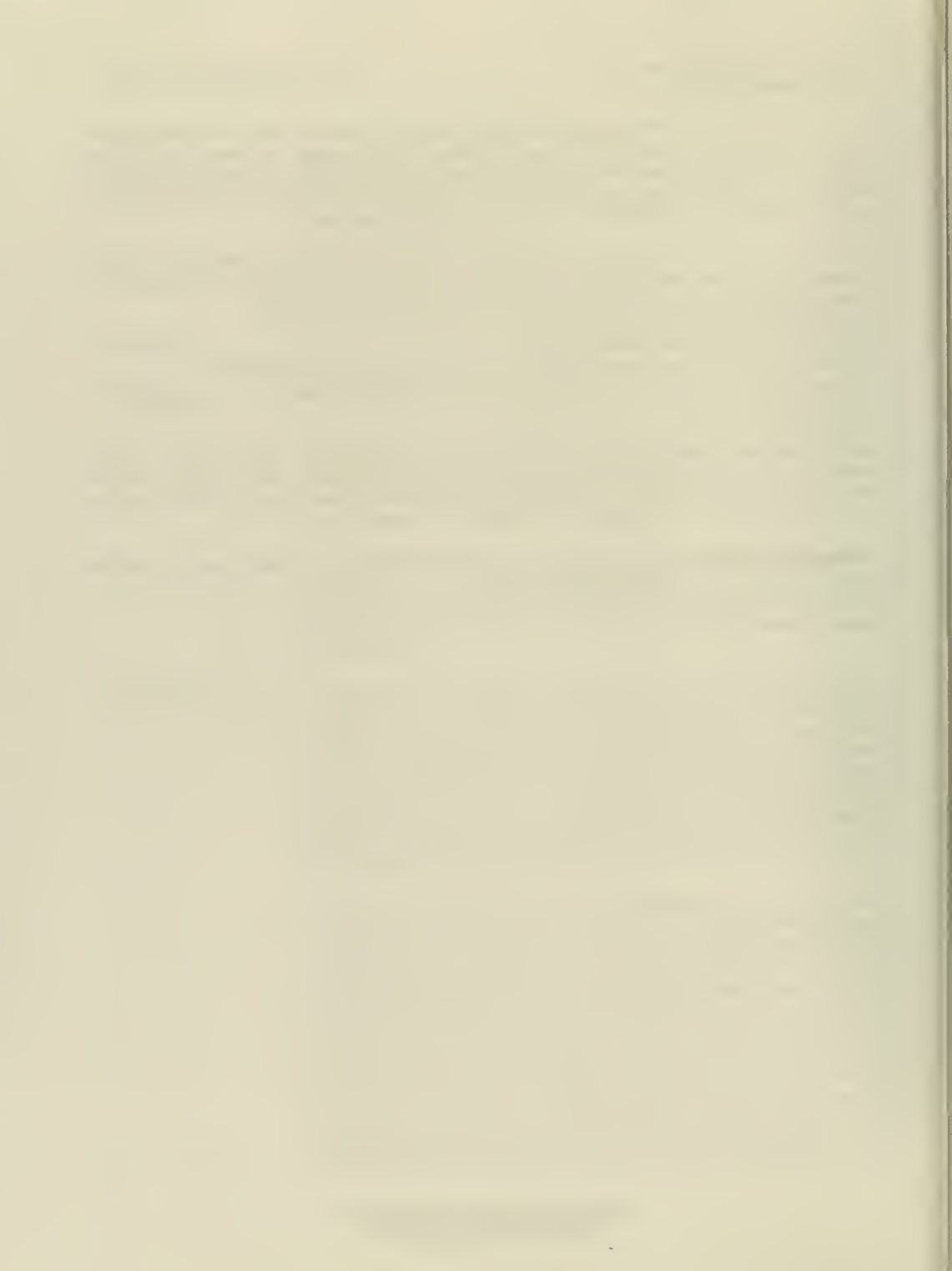
Perpetual Indulgence, has represented itself to be indigent. Mr. Grand further advises that the amount owed by the City would not be contingent upon the City's relative negligence, but rather would be contingent upon the City's ability to pay relative to the other co-defendants.

3. Lieutenant Don Carlson of the Police Department advises that the Police Department incurred the following costs for enforcement for Halloween festivities in 1992:

Exotic Erotic Ball	\$11,900
City-wide Halloween Celebrations (including the the Polk and Castro Street Celebrations)	<u>94,600</u>
Total	\$106,500

According to the Police Department, the Annual Castro Halloween Celebration accounts for approximately 70 percent or approximately \$74,550 of the above noted \$106,500 cost for Halloween Celebrations City-wide.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Items 6 and 7 - Files 114-91-2.1 and 114-91-2

Note: These items were transferred from the Housing and Land Use Committee for fiscal impact and were continued at the September 15, 1993 Budget Committee meeting.

Department: San Francisco Fire Department, Bureau of Fire Prevention
Department of Public Works (DPW), Bureau of Building Inspection

Item: Resolution endorsing those changes and providing findings as to the local conditions requiring changes from the California Building Standards Code, as required by the California Health and Safety Code (File 114-93-2.1).

Ordinance amending Part II, Chapter I of the San Francisco Municipal Code (Building Code) by amending Section 1746 to require installation of automatic fire sprinkler systems in existing high-rise buildings (File 114-91-2).

Description: The proposed ordinance (File 114-91-2) would amend the San Francisco Building Code to require that existing high-rise buildings in San Francisco that currently do not have fire sprinkler systems be retrofitted with such systems. The proposed amendment to the Building Code would also require the Superintendent of Building Inspection of the Department of Public Works to submit a written notice to the owner of each existing high-rise building that does not presently have a complying fire sprinkler system within 60 days of the approval of this ordinance. That notice would inform the building owner of these new requirements to install a fire sprinkler system.

The proposed Building Code amendment would require the building owner to a) return a Notice of Intent within three years of the approval of this ordinance to the Department of Public Works describing the building's existing fire suppression equipment and features (such as water supply connections, pumps or partial sprinkler system) and a tentative schedule for installing a complete fire sprinkler system, b) install an automated water supply system within five years and c) complete the fire sprinkler system installation within 12 years.

The proposed resolution (File 114-93-2.1) would endorse changes and provide findings as to the local conditions in San Francisco that require the City to enact changes in the San Francisco Building Code. The California Health and Safety Code requires that whenever a local government enacts changes to their building code whereby the local building code

is then different from the State Building Standards Code, the local government must endorse the changes and provide findings that support those changes.

Comments:

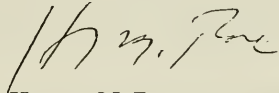
1. Currently, fire sprinkler systems must be installed in new and existing high-rise buildings if the use of an existing high-rise building is being changed. All high-rise buildings (both new and existing) are required to have smoke detectors.
2. In July, 1991, the Bureau of Fire Prevention reported that there were 393 high-rise buildings in San Francisco would require fire sprinkler systems and that approximately 346 of these high-rise buildings did not have complete fire sprinkler systems and would not meet the proposed requirements. Of these 346 high-rise buildings 175 were commercial buildings, 31 were hotels and 140 were residential buildings. Additionally, there are approximately 29 high-rise residential buildings that are owned by the San Francisco Housing Authority. The Bureau of Fire Prevention does not know the current extent of fire sprinkler systems in these 29 high-rise buildings owned by the Housing Authority. City Hall is currently considered to be a high-rise office building because the attic portion of the building is occupied. However, Mr. Tony Irons of the DPW Bureau of Architecture reports that when City Hall is renovated for earthquake repairs and seismic improvements, the attic portion will be sealed off and City Hall will then no longer be considered a high-rise building that would require the installation of a fire sprinkler system under the proposed ordinance.
3. The proposed amendment to the Building Code has been drafted through the combined efforts of the Fire Department, the Department of Public Works, the City Attorney's Office, representatives of the fire-sprinkler protection industry and the Building Owner's and Manager's Association (BOMA).
4. Mr. Dot Yee of the Bureau of Building Inspection indicates that the one-time costs of required notifications by the Superintendent of Building Inspection (estimated at between \$2,000 and \$3,000) will be absorbed by the DPW Bureau of Building Inspection 1993-94 budget and will be recovered by existing plan checking and inspection fees when building owners apply for permits and inspections to install fire sprinkler systems in their buildings.
5. Mr. Yee reports that the net costs to the building owners of installing fire sprinkler systems are difficult to calculate because some of the costs may be offset by reduced fire insurance costs. Mr. Yee indicates that the DPW Bureau of

Memo to Budget Committee
September 29, 1993

Building Inspection has not estimated the costs of installing fire sprinkler systems in the Housing Authority's high rise buildings.

6. As a result of further discussions with apartment, hotel and property owners that would be affected by the proposed legislation, the Author will be submitting an Amendment of the Whole to the Budget Committee that will provide for an appeal process to the proposed fire sprinkler system installation requirements.

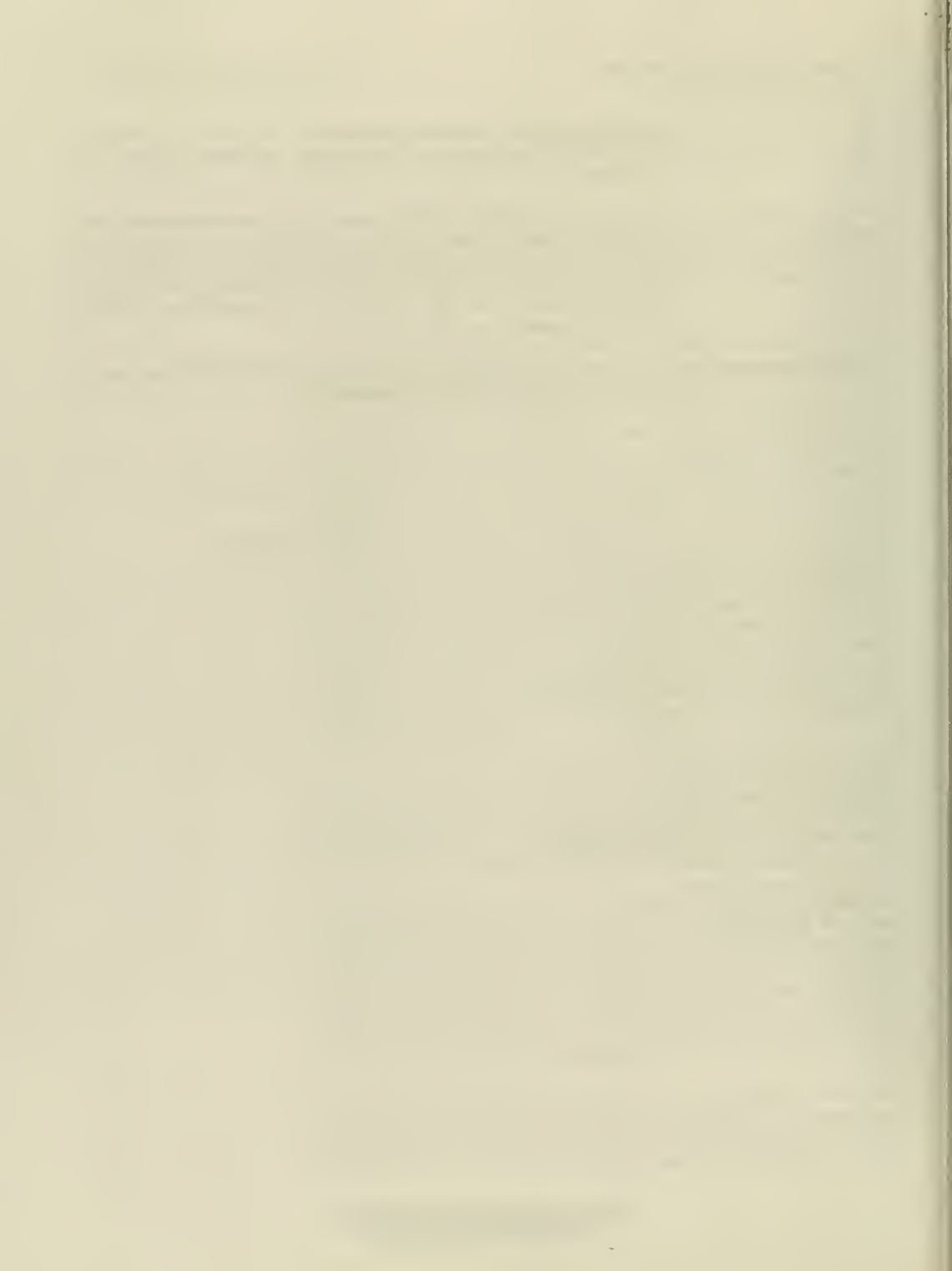
Recommendation: Approval of the proposed resolution and ordinance are policy matters for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST



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10/6/93
C.2

CALENDAR - *ACTUALLY*
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.
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WEDNESDAY, OCTOBER 6, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, ALIOTO

ABSENT: SUPERVISOR HSIEH

CLERK: KAY GULBENGAY

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - (a) File 101-89-34.11. [Release of Funds] Requesting release of reserved funds, Public Library, 1988 Public Library Facilities System Improvement Bonds, in the amount of \$241,000, for various costs associated with the Mission Branch Library Renovation Project. (Public Library)

ACTION: Hearing held. Release of \$188,750 approved. Filed.
 - (b) File 94-91-8.4. [Release of Funds] Requesting release of reserved funds, Public Utilities Commission, in the amount of \$284,000, for continuing the implementation of the Station Agents Booth Project. (Public Utilities Commission)

ACTION: Hearing held. Release of \$264,940 approved. Filed.
 - (c) File 101-91-10.2. [Release of Funds] Requesting release of reserved funds, Department of Public Health/Division of Mental Health and San Francisco General Hospital, (1987 Mental Health Facility Improvement Bond), the of amount of \$1,035,000, for continuing the construction of the Mental Health Skilled Nursing Facility. (Department of Public Health)

ACTION: Hearing held. Release of \$1,035,000 approved. Filed.
 - (d) File 101-91-63.3. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$108,428, for construction of 17th and 18th Streets Pavement Renovation Project. (Also see File 148-92-4.3). (Department of Public Works)

ACTION: Hearing held. Release of \$108,428 approved. Filed.

- (e) File 148-92-4.3. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$401,847, for construction of 17th and 18th Streets Pavement Renovation Project. (Also see File 101-91-63.3). (Department of Public Works)

ACTION: Hearing held. Release of \$401,847 approved. Filed.

- (f) File 101-91-74.4. [Release of Funds] Requesting release of reserved funds, Department of Public Works - 1990 Earthquake Safety Bond Fund, in the amount of \$409,560, War Memorial Veterans Building, for asbestos abatement services, Earthquake Safety Program Phase II Project 600-01. (Department of Public Works)

ACTION: Hearing held. Release of \$409,560 approved. Filed.

- (g) File 100-93-1.1. [Release of Funds] Requesting release of reserved funds, Fire Department, in the amount of \$78,838, for Controller's Information Services Division to provide hardware and software computer support to the Fire the Department's Management Information Systems. (Fire Department)

ACTION: Hearing held. Release of 78,888 approved. Filed.

- (h) File 100-93-1.2. [Release of Funds] Requesting release of reserved funds, Fire Department, in the amount of \$50,000, for an 1880L Chief of Systems (333203 15001, Computer Assisted Dispatch System). (Fire Department)

ACTION: Hearing held. Release of \$50,000 approved. Filed.

REGULAR CALENDAR

2. File 173-93-1. [Marina Seawall] Hearing to consider funding the structural repair of the Marina Seawall. (Supervisors Hsieh, Alioto, Conroy, Bierman, Migden)
(Continued from 9/8/93)

ACTION: Continued to November 10, 1993 meeting at the request of the sponsor.)

3. File 98-93-1. [Budget Analyst] Motion exercising the second option set forth in the agreement to provide Budget Analyst services between the Board of Supervisors and Stanton W. Jones and Associates/Debra A. Newman/Rodriguez, Perez, Delgado & Company Certified Public Accountants/Harvey M. Rose Accountancy Corporation Certified Public Accountants/Wallace, Mah & Louie Certified Public Accountants A Joint Venture to extend the term of the agreement for two years from January 1, 1994 to December 31, 1995, and adopting a revised agreement. (Clerk of the Board)
(Continued from 9/29/93)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

4. File 82-93-8. [Acquisition of Real Property] Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Department of Public Works, a temporary construction easement through a portion of the real property identified as Assessor's Parcel No. 5349/15 - \$29,999; and to adopt findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

ACTION: Hearing held. Recommended. (Supervisor added as co-sponsor.)

5. File 82-93-9. [Acquisition of Real Property] Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Department of Public Works, a temporary construction easement and a permanent sewer easement through a portion of the real property identified as Assessor's Parcel No. 4347A/1/2 - \$87,999; and to adopt findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

6. File 84-93-3. [Acquisition of Property] Resolution authorizing acquisition of real property identified as City and County of San Francisco Assessor's Block 5236, Lot 17 (1415 Evans Avenue), for the San Francisco Fire Department Bureau of Equipment; and adopting findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

7. File 101-92-60.1. [Release of Funds] Requesting release of reserved funds, Fire Department, 1992 Prop C Fire Protection Bond, in the amount of \$2,011,000, for the acquisition of property at 1415 Evans Avenue for the Fire Department; companion measure to File 84-93-3. (Fire Department)

ACTION: Hearing held. Release of \$2,011,000 approved. Filed. .

8. File 101-93-10. [Government Funding] Ordinance appropriating and certifying \$25,835, Department of Public Works, for capital improvement project to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken. RO #93067 (Controller)

ACTION: Hearing held. Recommended.

9. File 101-93-11. [Government Funding] Ordinance appropriating and certifying \$123,592, Department of Public Works, for capital improvement project to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken. RO #93068 (Controller)

ACTION: Hearing held. Recommended.

10. File 170-93-8. [Mortgage Revenue Refunding Bonds] Resolution authorizing the issuance and delivery of Mortgage Revenue Refunding Bonds ("Bonds") in an aggregate principal amount not to exceed \$8,000,000 for the purpose of refunding bonds previously issued to provide financing for a multifamily rental housing project; approving and authorizing the execution of an indenture of trust providing the terms and conditions of the bonds; authorizing the sale of the bonds to Federal National Mortgage Association; approving and authorizing the execution of the bond purchase contract providing the terms and conditions for the sale of the bonds; approving and authorizing the execution of a financing agreement providing the terms and conditions for the loan of the bond proceeds to Arthur Zanello, Sylvia Zanello and Martin A. Gaehwiler, Sr.; approving and authorizing the execution of the first amendment to the regulatory agreement; authorizing the Mayor, in consultation with the City Attorney, to make any necessary or advisable modifications, changes or additions to any of the bonds documents; approving and authorizing City officials to execute and deliver any document necessary to implement this resolution; ratifying and approving any action heretofore taken in connection with the bonds, the refunding of the prior bonds, and the program; providing that this resolution shall constitute approval of the bonds in accordance with Section 147(f) of the Internal Revenue Code; authorizing the deposit of fees into the Housing Program Fees Fund; and related matters. (Mayor's Office of Housing)

ACTION: Hearing held. Recommended.

11. File 303-93-1. [Property Tax Allocation] Resolution adopting the alternate method of property tax allocation (Teeter Plan).
(Supervisor Migden)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

12. File 299-93-1.2. [Funding for Juvenile Probation Department]
Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall.
(Supervisors Alioto, Leal)
(Continued from 9/29/93)

ACTION: Hearing held. Continued to October 13, 1993 meeting.

13. File 127-93-17. [Business and Payroll Expense Tax Amnesty] Ordinance amending Part III of the San Francisco Municipal Code by adding Article 17 thereto to establish a tax penalty amnesty program for delinquent payroll expense and business taxes.
(Supervisor Kaufman)
(Continued from 8/18/93)

ACTION: Hearing held. Continued to October 27, 1993 meeting at the request of the sponsor.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

October 4, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: October 6, 1993 Budget Committee Meeting

Item 1a - File 101-89-34.11

Department: Public Library

Item: Release of reserved funds in the amount of \$241,000, for various costs associated with the Mission Branch Library Renovation Project.

Amount: \$241,000

Source of Funds: 1988 Public Library Facilities System Improvement Bonds

Description: The Board of Supervisors previously approved a supplemental appropriation ordinance (File 101-89-34) in the amount of \$11,366,423 for various capital improvements, including Branch Library renovations, and reserved a total of \$3,940,270. The proposed request of release of \$241,000, would be expended by the Public Library for the Mission Branch Library Renovation Project, as follows:

Design - Department of Public Works (DPW)

Architectural	\$45,000
Structural Engineering	55,000
Electrical Engineering	15,000
Mechanical Engineering	35,500
Soils Engineering	<u>7,500</u>
Subtotal	\$158,000

Construction - DPW

Administration and Management during Bid Phase	20,000
------------------------------------------------	--------

Asbestos Abatement Management and Specifications

43,000

Art Enrichment

20,000

Total \$241,000

Comments:

1. Mr. Steve Mullinix of the DPW reports that the asbestos abatement work would entail surveying, inspection and the actual abatement work. Mr. Mullinix reports that the inspection and surveying work would be completed by A.C.C. Environmental, under an existing master agreement with the City. A.C.C. Environmental is not a City-certified MBE or WBE firm. The hourly rates, including overhead, for A.C.C. Environmental range from \$96.91 for a Principal to \$31.80 for an Air Monitoring Technician. A.C.C. Environmental would be paid approximately \$10,750 of the \$43,000 earmarked for asbestos abatement, to perform the necessary inspection and surveying work. The remaining \$32,250 would be used to pay for a contractor to perform the actual abatement work. Mr. Mullinix advises that the contractor for the abatement work has not, as yet, been selected. Therefore, the \$32,250 for the abatement work should continue to be reserved pending the selection of the contractor, identification of the MBE/WBE status of the contractor and the contract cost details.

2. Ms. Cathy Bremer of the Facilities Development unit of the Public Library advises that the \$20,000 for Art Enrichment was requested previously by the Library in an earlier request to the Board of Supervisors and therefore, should not have been included in this proposed Project budget. Therefore, the \$20,000 requested for Art Enrichment should continue to be reserved.

- Recommendations:**
1. Reduce the requested release of \$241,000 by (a) \$32,250 pending selection of a contractor (see comment 1 above) and (b) \$20,000 Art Enrichment (see comment 2 above), for a total reduction of \$52,250.
 2. Release the balance of \$188,750 (\$241,000 less \$52,250) and continue to reserve \$52,250 (\$32,250 plus \$20,000).



Item 1b - File 94-91-8.4

Department: Public Utilities Commission (PUC)
Municipal Railway (MUNI)

Item: Request for release of reserved funds for the Station Agent Booth Improvement Project.

Amount: \$284,000

Source of Funds:	Federal Section 9 Capital Assistance	26,819,276
	Local Match	<u>6,704,819</u>
		\$33,524,095

Description: In January of 1992, the Board of Supervisors approved Resolution No. 3-92 (File No. 94-91-8) authorizing the PUC to apply for, accept, and expend Federal Section 9 Capital Assistance Funds in the amount of \$26,819,276, and \$6,704,819 in required State and or local match funds, for a total of \$33,524,095. The total of \$33,524,095 was placed on reserve for outside contracts, pending submission of detailed project budgets. Of the \$33,524,095, \$5,381,000 is specifically reserved for fixed facility MUNI rehabilitation projects, including \$325,000 for the Station Agent Booth Improvement Project.

The purpose of the Station Agent Booth Improvement Project is to improve the working conditions in the 16 Station Agent Booths located in the MUNI Metro system between the West Portal and Embarcadero Stations.

The Budget Committee has previously approved \$41,000 out of a requested \$325,000 (File 94-91-8.1) for the Station Agent Booth Project to be used for the engineering and design phases of the project budget. The Committee continued to reserve \$284,000 pending submission of the construction contract, the contract cost details and the MBE/WBE status of the contractor. The PUC is now requesting the release of the remaining 284,000 to continue implementation of the Station Agent Booth Improvement Project as follows:

Construction Contract	\$185,000
Contingency (24%)	44,500
Utilities Engineering Bureau	
In-house Personnel	
Project Management	\$4,300
Engineering Services	13,500
Construction Engineering	<u>36,700</u> <u>54,500</u>
Total Construction Costs	\$284,000

Comments:

1. The PUC received three bids for the construction contract on the Station Agents Booth Improvement Project on August 10, 1993. The PUC selected Cresci Electric Inc., as the lowest bidder at \$182,991.

Cresci Electric Inc.	\$182,991
San Luis Construction	\$246,000
A.R. Construction Co.	\$626,090

Therefore, \$182,991, the amount of the lowest bid, should be released of the \$185,000 budgeted for the construction contract and the \$2,009 balance should continue to be reserved.

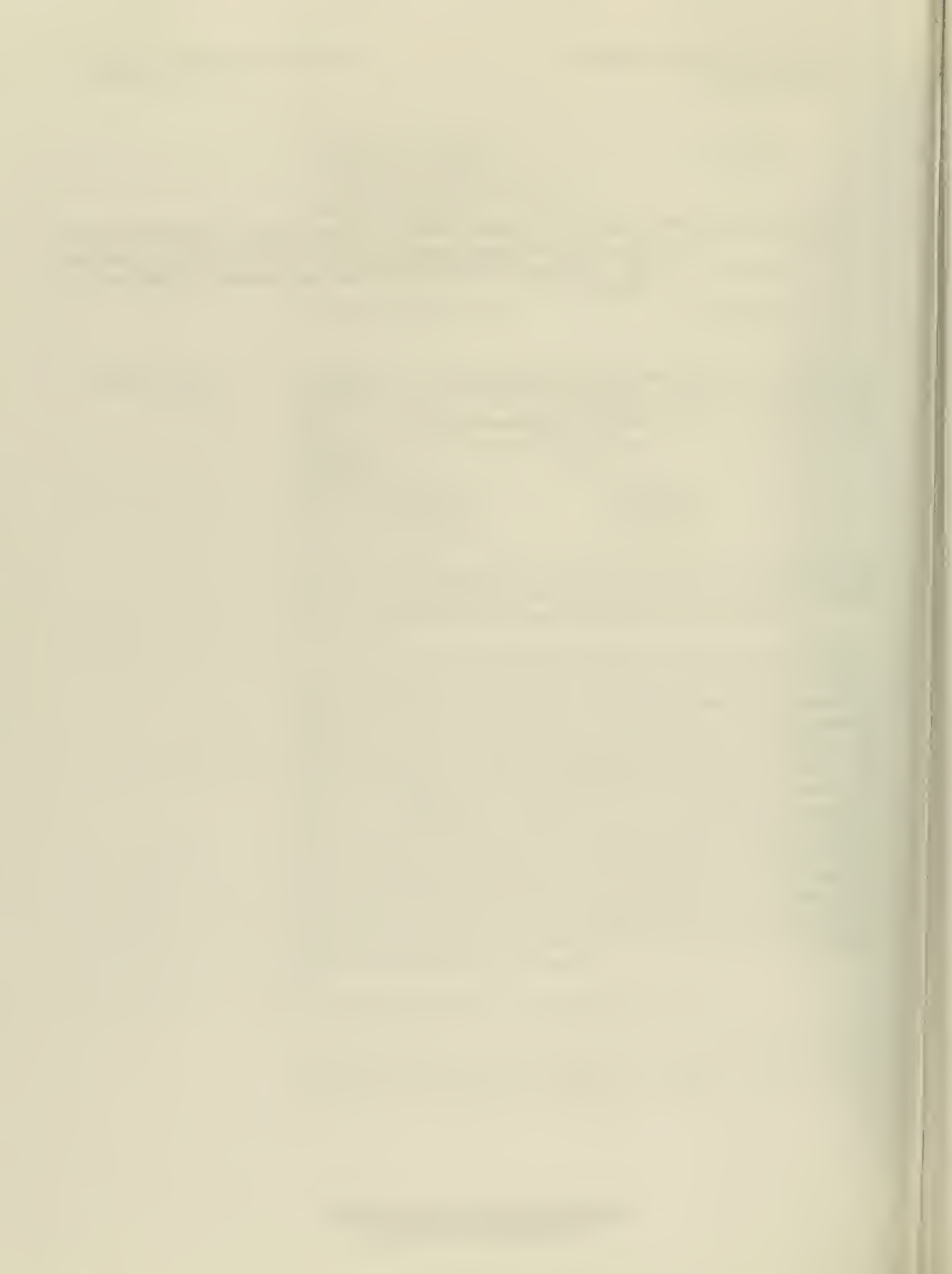
As noted above, the proposed project budget includes \$44,500 for contingency funds (24 percent). Based upon inquiries by the Budget Analyst regarding the apparent excessive amount budgeted for contingencies, the Department subsequently revised the requested contingency amount to \$27,449, or approximately 15 percent. The Department reports that a 15 percent contingency is needed for this project rather than a 10 percent contingency which is often included because construction will take place at 16 separate Station Agent Booths, which might result in complications. Therefore, the Budget Analyst recommends that a 15 percent contingency (15% x 182,991 equals \$27,449), be released at this time, and the balance of the \$44,500 contingency amount of \$17,051 continue to be reserved. Therefore a total amount of \$19,060 should continue to be reserved.

2. Cresci Electric Inc. is a certified WBE firm.

3. Construction on the Station Agent Booth Improvement Project is anticipated to begin on October 4, 1993 and is expected to be completed on February, 4, 1994.

Recommendation: Continue to reserve funds in the amount of \$19,060 (\$2,009 plus \$17,051). In accordance with Comment #1 above, release the remaining reserve funds in the amount of \$264,940 as follows:

Construction contract	\$182,991
Contingency	27,449
Utilities Engineering	
In-house Personnel	<u>54,500</u>
Total	\$264,940



Item 1c - File 101-91-10.2

Department: Department of Public Health, Division of Mental Health
San Francisco General Hospital

Item: Requesting release of reserved funds, Department of Public Health/Division of Mental Health and San Francisco General Hospital, the amount of \$1,035,000 from 1987 Mental Health Facility Improvement Bonds for continuing the construction of the Mental Health Skilled Nursing Facility.

Amount: \$1,035,000

Source of Funds: 1987 Mental Health Facility Improvement Bonds

Description: On June 26, 1991, the Board of Supervisors approved an ordinance (File 101-91-10) to appropriate \$23 million of 1987 Mental Health Facility Improvement Bonds for the purpose of constructing a Mental Health Skilled Nursing Facility.

In October, 1991, the Board of Supervisors appropriated \$23 million of these Mental Health Facility Improvement bonds (File 101-91-10). Of the \$23 million appropriated, a total of \$21,624,800 was placed on reserve for construction costs pending departmental submission of contractors, their MBE/WBE/LBE status, and specific cost details. In August, 1992, S.J. Amoroso Construction was selected as the contractor, and the Board of Supervisors released \$19,223,287 (File 101-91-10.1), leaving \$2,401,513 on reserve.

The DPH is now requesting the release of \$1,035,000 from this reserve, which would leave \$1,366,513 on reserve. This \$1,035,000 would support the costs of removing and disposing of approximately 34,000 yards of serpentine at a fixed price of \$30.50 per yard. Serpentine is a natural mineral that contains asbestos. The presence of serpentine at the construction site was not known at the time the contractor was selected, and funds for its removal were not included in the original project budget.

Comments:

1. The proposed funds for serpentine removal would be added to the existing contract with S.J. Amoroso.
2. Contingency costs of \$2,410,000 were included in the original project budget. However, these funds are anticipated to be expended for maintenance upgrades and changes in documents, leaving no funds for serpentine removal.

Memo to Budget Committee
October 6, 1993

3. According to Mr. Michael Lane of the Bureau of Architecture, there will be sufficient funds to complete the facility, given this additional cost. Mr. Lane reports that the Department anticipates requesting the remaining reserved funds, or \$1,366,513, to construct a parking lot for the Nursing Facility. This request will be made in four to five weeks, Mr. Lane reports.

Recommendation: Release the \$1,035,000 on reserve.

Items 1d and 1e - Files 101-91-63.3 and 148-92-4.3

Department: Department of Public Works (DPW)

Items: Item 1d, File 101-91-63.3 - Release of reserved funds in the amount of \$108,428, for construction of the 17th and 18th Streets Pavement Renovation Project.

Item 1e, File 148-92-4.3 - Release of reserved funds in the amount of \$401,847, for construction of the 17th and 18th Streets Pavement Renovation Project.

Amount: \$510,275

Description: The Board of Supervisors previously approved a supplemental appropriation ordinance in the amount of \$1,100,257, from the 1987 Street Improvement Bond Fund for DPW's Capital Improvement Project - Street Reconstruction and Renovation (File 101-91-63). Of the \$1,100,257 appropriated, a total of \$585,000, budgeted for construction, was placed on reserve pending cost details and the MBE/WBE status of the contractors. The Board of Supervisors has previously released \$413,836 of the \$585,000, leaving a remaining balance of \$171,164 on reserve. The DPW is now requesting that \$108,428 of the \$171,164 be released from this reserve to pay for construction of the 17th and 18th Streets Pavement Renovation Project.

The Board of Supervisors also previously approved a resolution authorizing the DPW to expend State grant funds up to \$7,257,000 for pavement renovation of various streets. At the same time, the Board of Supervisors placed the entire \$7,257,000 on reserve pending contract cost details and the MBE/WBE status of the contractors. Of the \$7,257,000 placed on reserve by the Board of Supervisors, \$1,851,320 has previously been released, leaving a remaining balance of \$5,405,680. The DPW is now requesting that \$401,847 of the \$5,405,680 be released from this reserve to pay for the construction of the 17th and 18th Streets Pavement Renovation Project. The \$401,847 plus the \$108,428 noted above, brings the total amount requested for release from these two reserves for this Project to \$510,275.

The DPW, through an Invitation for Bids process, received six bids for the 17th and 18th Streets Pavement Renovation Project construction work. Of these six bids, the DPW reports that the low-bidder for \$382,977, the Interstate Grading and Paving, Inc., was awarded the contract. The DPW reports that Interstate Grading and Paving Inc. is neither an MBE or a

WBE firm. However, according to the DPW, pursuant to Federal guidelines, 24.6 percent or \$94,225 of the contract work will be performed by Disadvantaged Business Enterprise (DBE) firms.

The DPW's estimated budget for the proposed Project is detailed below:

Construction Contract	\$382,977
Construction Management Services	55,000
Work Order - Department of Parking and Traffic*	34,000
Contingencies (10 % of Construction Contract)	<u>38,298</u>
Total	\$510,275

* The DPW will workorder \$34,000 to the Department of Parking and Traffic for re-striping crosswalks and streets after construction and for inspection connected with the rerouting of traffic around the construction site.

Recommendation: Approve the proposed release of reserved funds totaling \$510,275.

Item 1f - File 101-91-74.4

Department: Department of Public Works (DPW)
Bureau of Architecture

Item: Requesting release of reserved fund for asbestos abatement services in the War Memorial Veterans Building.

Amount: \$409,560

Source of Funds: 1990 Earthquake Safety Bonds

Description: In June, 1990, the San Francisco electorate approved a bond measure for the purpose of repairing earthquake damage and seismically upgrading various City facilities which are often visited by members of the public, including City-owned buildings in the Civic Center, such as City Hall, Public Health buildings, the War Memorial Veterans Building and the Performing Arts Center.

In June, 1992, the Board of Supervisors appropriated \$58,860,000 of Phase II 1990 Earthquake Safety Bond funds (File 101-91-74). Of the \$58,860,000 appropriated, a total of \$45,078,418 was placed on reserve for various repair projects pending selection of contractors, the contract cost details and determination of the MBE/WBE status of the contractors. The War Memorial Veterans Building's portion of the current reserve is \$700,000.

The DPW is now requesting the release of \$409,560 from this reserve for asbestos abatement in the War Memorial Veterans Building as follows:

Construction Contract	\$297,300
Contingency (10%)	30,000
Asbestos Monitoring & Oversight	58,475
Department of Public Works Project Administration	<u>23,785</u>
Total	\$409,560

Comments: 1. The DPW received five bids for the work on the War Memorial Veterans Building on August 18, 1993. The DPW selected Paradigm Environmental, as the lowest bidder at \$297,300. The names and amounts from the participating bidders are as follows:

<u>Firms</u>	<u>Bids</u>
Paradigm Environmental	\$297,300
FARC, Inc.	\$302,200
Barsotti's Inc.	\$352,870
Restec Contractors, Inc.	\$363,720
CST Environmental	\$510,000

2. Paradigm Environmental has subcontracted with Temper Insulation to provide insulation services in the amount of \$30,700 (approximately 10.3% of construction contract). Paradigm Environmental is not an MBE or WBE firm. Temper Insulation is a certified MBE firm.

3. The DPW has selected SCA Environmental as the environmental engineering firm to provide asbestos monitoring and oversight services. A Request for Proposals (RFP) was issued in early 1992 and SCA Environmental was awarded a two-year contract to provide asbestos services on an as-needed basis. SCA Environmental is not a MBE or WBE firm. The amount of \$58,475 being requested for release at this time, would be used for the following:

Field Inspection & Air Sampling	\$51,000
TEM (Transmission Electron Microscopy)	
Lab Services	<u>7,475</u>
	\$58,475

The amount for Field Inspection and Air Sampling is based on 480 hours at an average hourly rate of \$106.25, including wages and equipment rental.

4. As noted above, according to Ms. Marilyn Thompson of DPW, (approximately 8 percent of construction contract) will be spent on DPW project administration for inspection, administration and management activities related to the construction contract.

5. Asbestos abatement at the War Memorial Building is scheduled to begin in mid-October, 1993 and is expected to be completed by mid-January 1994.

Recommendation: Release the reserved funds in the amount of \$409, 560.

Item 1g - File 100-93-1.1

Department: Fire Department

Item: Release of reserve for Professional Services in the Fire Department's 1993-94 budget

Amount: \$78,838

Description: During the review of the 1993-94 budget, the Budget Committee reserved \$85,000 of the \$264,700 Administration Division budget for Professional Services for planning, coordination, system administration, implementation, enhancement and modification of the Fire Department's Management Information System (MIS). This MIS program was begun several years ago using an outside contractor. The same contractor was used each year until 1991-92 when, due to budget constraints, the MIS program was put aside and no work was done on the MIS program. The MIS program resumed in 1992-93 using the same outside contractor as had previously been used but the funding for 1992-93 was reduced. For 1993-94, the Fire Department requested the Controller's ISD to take over the MIS program that had been performed by the contractor through 1992-93. However, as of June, 1993, when the Budget Committee reviewed the Fire Department's 1993-94 budget, the Controller's ISD had not finally accepted or rejected the MIS program and the Fire Department was not yet ready to renew the outside contract until the Controller's ISD had made a decision. The \$85,000 for 1993-94 in Professional Services for an outside contractor was reserved pending a decision by the Controller's Information Systems Division (ISD) to take over the project rather than to continue contracting for these services in 1993-94.

The Controller's ISD has now decided to perform the Fire Department's MIS program. The Fire Department has identified MIS projects totalling \$78,888 to be funded by the proposed released funding as follows:

Distributed System Telecommunications \$7,887

Monthly charges to provide a dedicated, leased data circuit between the MIS and the City's mainframe computers. This includes the leased data circuit line itself as well as the equipment and communication software to facilitate the transfer of data between the Fire Department's computer and the City's mainframe computer.

Arson Investigation System

\$17,330

The current Fire Investigation Report process involves investigators completing a single page form by hand and using a word processor to type memo descriptions of what has occurred on a second page. The first page includes various data in a format designed to facilitate entry into a computer for analysis and summarization. Inconsistencies in the way the first page is completed occur which, over time, make periodic analysis of Fire Investigation Reports difficult. The current system captures the required information but does not allow for easy analysis of the information over a period of time (monthly, quarterly).

This project will focus on improving this current process and allow investigators to have the ability to request analyzed and summarized information at any time to aid and enhance investigative efforts. Access to information on a timely basis will not only allow for improvements to current investigative cases, but also allow for spotting trends and gaining further understanding in the prevention of future potential cases. The Controller's ISD would perform 340 hours at \$50.97 for a total cost of \$17,330 for this project.

Main Fire Department Computer System Support

19,878

The main Fire Department computer system currently includes two major systems a) the Fire Inspection Tracking System and b) the Staff Assignment System. A number of technical changes in these systems have been proposed, and must be analyzed for merit and implementation if justified. The proposed funding of 390 hours of the Controller's ISD services (\$50.97 per hour) is to support this effort, as well as continue non-interrupted operation of the department's current systems.

Medical Database Support

10,194

The Fire Department employs an in-house physician who is responsible for medical examinations and analysis of health trends in the department. This medical information is assimilated into a program of preventative measures to lower job related illness and disability.

To perform this function, access to information that is historical and accurate is essential to analyze and spot trends over time. Most of the department's medical records are currently maintained on a manual basis. Some minor aspects have been computerized. The proposed project would provide for 200 hours of the Controller's ISD services to improve this process by allowing for the needed capability to analyze the data to spot trends.

Computer Aided Dispatch

\$2,701

Although the Fire Department is in the process of acquiring a new Computer Aided Dispatch system, these efforts will not be completed in the near future. The proposed \$2,701 would provide the funding of 53 hours at \$50.97 per hour for the Controller's ISD services to support the day-to-day operation and maintenance of the existing system and help insure non-interrupted service of this essential departmental function.

PC Systems Support

20,898

Usage of personal computer (PC) systems has grown over the past few years with 52 personal computers currently in use by the Fire Department. The proposed project would further improve the utilization of these PCs and allow them to be an integral tool in enhancing the Department's processes. Collecting data on PCs saves time as well as facilitates data capture in a form that can be further analyzed and reported. The Division of Training, the Bureau of Equipment, the Clothing Depot, Administration and Bureau of Fire Prevention are department functions that need improved data collection. The proposed \$20,898 would purchase 410 hours (at \$50.97 per hour) of the Controller's ISD services for supporting Departmental efforts in these areas and allow for the efficient utilization of current Department PC resources.

Total

\$78,888

Comment:

Although the Fire Department's request for release of reserved funds is \$78,838, identified projects total \$78,888 or \$50 more (\$78,888 less \$78,838) than the amount requested. Therefore, \$78,888 should be released and the \$6,112 balance (\$85,000 less \$78,888) should continue on reserve.

Memo to Budget Committee
October 6, 1993

Recommendation: Release \$78,888 for the Fire Department's MIS system and continue to reserve \$6,112.

Item 1h - File 100-93-1.2

Department: Fire Department

Item: Release of reserve for 1880 - Chief of Systems position in the Fire Department's 1993-94 budget

Amount: \$50,000

Description: In October 1990, the Fire Department hired a limited term 1880 Chief of Systems position to serve as project manager for the acquisition and installation of a new Fire Department Computer Assisted Dispatch (CAD) system. When the project is completed, the limited term Chief of Systems position will be eliminated. The first step in acquiring the CAD system is the preparation of a Request for Proposal (RFP). However, although the Chief of Systems position has been working almost three years, the RFP has not yet been completed. During the review of the 1993-94 budget, the Budget Committee reserved \$50,000 of the \$87,670 salary budget for the 1880 Chief of Systems position pending a report back to the Board of Supervisors as to the status of the CAD system RFP.

Because the Police Department and Emergency Medical Services also need new dispatch systems, the project of acquiring a new CAD system for the Fire Department has been combined into a joint venture with the Police Department and Emergency Medical Services. The Chief of Systems is now required to modify the Fire Department CAD system RFP to include technical specifications for the Police Department and Emergency Medical Services dispatch systems in order to obtain a single vendor to supply all three dispatch systems.

Comments: 1. According to the Fire Department, the RFP for the Fire Department's CAD system has been initially drafted by the Chief of Systems. This draft is being modified to also include technical specifications for the Police Department and Emergency Medical Services dispatch systems. The RFP for all three dispatch systems is expected to be completed by January, 1994 and final selection of a vendor is expected by July, 1994. The Fire Department indicates that acquisition and installation of the new CAD system is targeted for completion in approximately five years. The Fire Department has prepared the attached report detailing this project.

2. Given that this limited term 1880 Chief of Systems position was hired in 1990, the RFP has not yet been completed and is not likely to be completed until 1994, the Budget Analyst

BOARD OF SUPERVISORS
BUDGET ANALYST

recommends that if this position is to continue, more careful monitoring of this CAD system should be implemented. The Budget Analyst therefore recommends that the Fire Department be required to submit a status report to the Board of Supervisors every six months identifying the timeline, actual progress completed, costs incurred and expected completion date for the CAD system program.

Recommendations: 1. As discussed in Comment 2, above, the Board of Supervisors should require the Fire Department to submit a status report to the Board of Supervisors every six months identifying the timeline, actual progress completed, costs incurred and expected completion date for the Computer Assisted Dispatch (CAD) system program.

2. Release \$50,000 as requested.

1. CAD Facilities and Locations

Currently there are three interim sites under consideration for a combined dispatch facility. These are two locations in the Presidio and the old Fireman's Fund building in Presidio Heights. However, the Fire Department has serious reservations regarding any new interim site that is not within the immediate vicinity of Central Fire Alarm Station (CFAS). This is because all of the communication lines to the fire stations and other remote facilities terminate at CFAS. In addition, the METS lines and the box alarm circuits also terminate at CFAS.

As the Fire Department CAD system (both current and proposed) uses these lines for receipt of alarms and for transmission of voice and data alarm information, it is essential that access to these lines be maintained. If the Fire Department is required to relocate to another facility, the communication lines will also have to be relocated. It is estimated that the cost to extend these lines beyond the immediate vicinity of CFAS is \$1,000,000.00. This figure assumes that space in existing ducts can be found. If new ducts have to be installed, the cost could be many times this amount. It should also be noted that in addition to the seismic stability and open park location of the current CFAS site, the fact that the alarm lines terminate there was also considered very important in choosing the location across the street for the future combined communications complex.

Finally, the current CAD system make extensive use of a large (8' x 20') status display. The RFP calls for modernization of this display and to integrate it with the new CAD system. Since this display board was designed and assembled to fit in the existing main dispatch room, moving it to another location would be extremely difficult and costly.

2. Cost Estimates

The estimated costs for both Police and Fire CAD systems is \$14.0 million. This amount is based on implementing the systems at two separate dispatch locations using a single vendor as the prime contractor. Since neither system requires a mainframe class computer to provide the power required for both CAD and RMS, the cost savings by having a combined facility are minimal. By utilizing multiple networked servers and Client/Server based technology, each department can benefit by having local control of their resources while sharing resources in the event of a processor failure. It is not required that these networked servers reside at the same location but in fact may be many miles apart. As such, the real benefits of using a single vendor for Police, Fire and EMS are as follows:

- The use of a common hardware platform
- Similar dispatch workstation hardware
- Similar RMS workstation hardware

Fire Department response to Board of Supervisors CAD status request

- The use of a common operating system
- Common application programming language
- Common application program philosophy/design
- The use of the same RDBMS
- Many system features such as GUI's, e-mail and security would be common
- Single version of certain files such as the Geofile

The above features should result in lower overall hardware and software maintenance costs as well as facilitating software maintenance and enhancements by City personnel.

3. RFP Schedule

The Fire Department has had a draft RFP for a fire CAD/RMS system available since March, 1993. As the Police Department started their RFP process much later, they have not yet completed their first draft. However, it has been agreed that the Terms and Conditions section of the Fire Department RFP would be acceptable for a combined RFP and can be forwarded to the Purchasing Department for review and addition of Purchaser's standard contract items.

The Fire, Police and EMS have met on three occasions to formulate a combined RFP. The basic components of this RFP have been defined as follows:

- Terms and Conditions
- Agency Specific Sections (Police, Fire and EMS)
- Common Section

As the Fire Department's agency specific (i.e., technical specification) section is essentially complete, the critical component for release of the combined RFP is the completion of the Police Functions and Features section. Also, EMS is now going to be a part of the initial system. As such, the EMS technical specifications including AVL must be included in the final release.

Based on the outcome of our last CAD Task Force meeting, the target date for the combined RFP to be available for release is by the first week of January, 1994. Accordingly, the schedule for the new systems is as follows:

January 1994 - Issue common RFP

January 1994 - March 1994 - Vendors prepare responses

April - May 1994 - Departments evaluate responses

Fire Department response to Board of Supervisors CAD status request

June - July 1994 - Vendor selected and contract signed

August 1994 - January 1996 - System design, testing, installation, cutover and acceptance

If the above schedule is met, the Fire Department CAD equipment will be over 20 years old by the time the new system is installed.

Item 2 File 173-93-1

Note: This item was continued by the Budget Committee at its meeting of September 8, 1993.

1. The proposed item is a hearing to consider funding the structural repair of the Marina Seawall.

2. The Marina Seawall is a man-made seawall which stretches along the City's waterfront from approximately Scott Street to approximately Buchanan Street. The Recreation and Park Department has jurisdiction over this entire seawall. The seawall forms the Marina harbor and serves as a retaining wall along Marina Boulevard. The Department of Public Works (DPW) is currently in the process of working on a project to retrofit a section of this seawall between Scott and Baker Streets along the Marina Boulevard. This retrofit project, which is one of two projects which are currently being performed by DPW in connection with the seawall, is the subject of this hearing. According to Mr. Ronald Cheng, the DPW is implementing recommendations of the "Final Report - Marina District Liquefaction Study Task Force" in regard to this retrofit project. This report, which was prepared by a task force of private consultants and City officials, recommended that this area of the seawall be strengthened, in part, to protect a sewer box along the Marina Boulevard, which is in close proximity to a populated residential area. Mr. Cheng advises that during the 1989 earthquake, the section of the seawall between Scott and Baker Streets sustained cracks to its outer surface which required repair.

3. Attached is a memo from Mr. John E. Cribbs, Director of the DPW, which discusses (1) an original cost estimate of \$300,000 to \$350,000 to strengthen the seawall, (2) a revised estimate of \$1 million to \$1.5 million to finance the retrofit project, (3) the DPW's attempts to identify financing sources for this project, (4) the \$80,000 in Clean Water Sewer Service Charge funds allocated thus far by the DPW to pay for soils testing and design work in connection with this project, and (5) the desire for guidance from the Board of Supervisors regarding the funding for this project (see Attachment I). Also attached is a second memo from Mr. Cribbs, which addresses the status of the Department's efforts to provide additional information requested by the Budget Committee on the availability of State and Federal grant funds to pay for the Marina Seawall project and how the \$2,271,800 earmarked in bond funds for the Marina Green repairs was allocated and/or spent (see Attachment II).

Comments

1. As noted above, in addition to the retrofit project involving the section of the seawall between Scott and Baker Streets, there is a second project being performed by DPW on a section of the seawall known as the West Wing of the seawall, which is aligned with Baker Street, north of Marina Boulevard. This project is to repair damage sustained by this section of the seawall as a result of the 1989 earthquake. Mr. Tim Liliquist of the RPD reports that \$361,205 in Federal Emergency Management Administration (FEMA) funds have been allocated to the City to pay for this repair work. Mr. John Thomas, Landscape Architect of the DPW

Memo Budget Committee
October 6, 1993

advises that this project, which involves repairing cracks and restructuring this section of the seawall, is in the preliminary design stage and is anticipated to be completed by December of 1995.

2. According to the Budget Committee calendar, it is the intention of the Chair to entertain a motion to continue this item.



August 11, 1993

Marina Boulevard Seawall

THROUGH: Mr. Rudolph Nothenberg
Chief Administrative Officer

Supervisor Carole Migden
Member, Board of Supervisors
Room 235, City Hall

Dear Supervisor Migden:

As we discussed by telephone, the Department of Public Works has been looking at the Marina Seawall to determine what must be done, the cheapest way to do it, and where the funds can be obtained to pay for it.

In the "Conclusions and Recommendations" of the "Final Report - Marina District Liquefaction Study Task Force" the following was stated:

"This seawall should be strengthened by driving new piles on the landward side combined with a new concrete pile cap/buttress. The cost is estimated to be between \$300,000 and \$350,000. Design should start immediately by Department of Public Works staff. Funding would either be by a Boating and Waterways grant or by reconstruction and replacement funds of the Clean Water Program."

We first applied to the State Boating and Waterways Committee for a grant using the nexus that if the seawall moves toward the bay a lot of the docking facilities would be destroyed. We were unsuccessful in obtaining any funds from this source. We then allocated \$80,000 from our Clean Water Sewer Service Charge funds to hire a soils consultant and to do predesign for stabilizing the wall. We used the justification for these funds that if the seawall were to fail, the box sewer along Marina Boulevard would be endangered. We felt we could also justify the relatively modest \$350,000 estimated full cost using the same Sewer Service Charge funds.

Now that we have gotten into predesign, we find that the Task Force estimate may be very low and that the actual cost may be as high as \$1.5 million. We need more soils data to tie this figure down and more study on drainage problems in this area to better estimate this project.

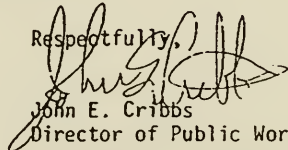
We are also checking to see what outside agencies have jurisdiction over this work. So far, we have determined that BCDC and Army Corps of Engineers both require permits and that the GGNRA requires approval. If the project does turn out to cost between \$1 million and \$1.5 million, we could not justify taking this

Supervisor Carole Migden
August 11, 1993
Page Two

amount from the ratepayers of the Clean Water Enterprise (Sewer Service Charge) fund and would need guidance from the Board of Supervisors to fund this work.

If you have any questions, please give me a call.

Respectfully,



John E. Cribbs
Director of Public Works

cc: John L. Taylor
Todd Cockburn
Jackson Wong
Peg Devine
Kathy How

Department of Public Works



Office of The Director

John E. Cribbs
Director

September 29, 1993

Marina Seawall; Your File No. 173-93-1

THROUGH: Mr. Rudolf Nothenberg
Chief Administrative OfficerSupervisor Carole Migden
Chair of the Budget Committee
Board of Supervisors
Room 235, City Hall
San Francisco, CA 94102

Post-It™ brand fax transmittal memo 7871		# of pages = 2
To <i>Sandy Brown -</i>	From <i>Todd Coulter</i>	
Co. <i>Richardson</i>	Co.	
Dept. <i>Budget Analyst</i>	Phone # <i>554-8224</i>	
Fax # <i>252-0461</i>	Fax # <i>554-8203</i>	

Dear Supervisor Migden:

At the Budget hearing on September 8, 1993, a hearing was held on the subject seawall. We were requested to do several things prior to rehearing this issue at your October 6th meeting. The first request was to meet with the City Attorney's Office and others to determine if there are available State or Federal grants to do the necessary work on this seawall to make sure that it is structurally sound in case of a future earthquake. We have been unable to determine, as of this date, whether or not there is any Federal or State funding that would be available to us to do this work.

The second request was to give you a report on what the \$2,271,800 allocated in the ESP2 Bond Issue for Marina Green repairs was spent or allocated for. Attached is a chart showing the five projects that were either damaged by the Loma Prieta earthquake or, because of damage, were required by ADA to perform.

As you can see from this chart, some of the projects are completed and some are still in the process. On some projects, we have received all or a large portion of a refund from FEMA. On others, we have very little or no funding approval from FEMA.

We will attend the October 6th hearing and will be pleased to answer any questions at that time.

Respectfully,

John E. Cribbs
Director of Public Works

Attachment: As Noted.

cc: John L. Taylor

MARINA GREEN EARTHQUAKE REPAIR PROJECTS

Job Name and Number	Estimated Budget	Funding In ESP2 Bond	Funding FEMA	Additional ESP2 Funding	Project Status
Marina Pavement Renovation 22790	1,778,089	1,245,786	530,303	0	Various paved areas at the Marina were damaged during the earthquake. The work included removing & replacing sidewalks, concrete curbs & gutters, asphalt paving, replacing the drainage system & providing curb ramps for disabled access - completed September 1992. Currently negotiating with FEMA for reimbursement of actual costs. All work associated with the drainage system is not eligible for FEMA reimbursement.
Marina Seawall Repair Phase 1 & 2 60920	728,281	342,188	386,093	0	(Phase 1) The scope of this project is to repair minor damage to all seawalls, except the west end seawall and the Marina Boulevard seawall. The project was completed January 1993. (Phase 2) The west end seawall adjacent to the volleyball green requires major reconstruction and is currently in preliminary design. This wall has been designated a historic structure by FEMA and must undergo historic preservation review prior to final design. We are currently awaiting FEMA approval before proceeding with design. We will be requesting supplemental funding from FEMA. Estimated construction completion: Summer 1995
Marina Piers and Dock Repair 60850	305,140	0	305,140	0	The piers for mooring boats & yachts were damaged and thrown out of alignment by the earthquake. The project was to replace damaged piers & repair docks. Construction was completed in Oct. 1992.
Marina Disabled Access Ramps 2129E	450,000	450,000	0	0	As part of ADA requirements, we are required to provide two access ramps to the boat docks to serve disabled access. This requirement is triggered by the pilings & dock repair. The preliminary design has been completed and is now awaiting comments from Recreation and Park Department. We have received approval for these ramps from FEMA and will be requesting funding for this project. Estimated construction completion: Spring 1995.
Marina West End Restrooms 21260	276,900	67,100	41,400	168,400	The west end restroom settled during the earthquake and will need pressure grouting under the foundation to return the building to the original elevation. Other modifications inside the restroom were requested by Recreation and Park Department and were incorporated into the repair package. We have requested supplemental funding from FEMA to repair the restroom. The project was advertised Sept. 8 and bids are due October 10. Estimated construction completion: Summer 1994.
(BOA) Project Management 5555A	90,000	18,174	0	0	--
Reserve from ESP2 Bond		148,552	0	0	Future FEMA funding will be returned to ESP2.
TOTALS	3,626,410	2,271,800	1,262,936	168,400	--

Memo to Budget Committee
October 6, 1993

Item 3 - File 98-93-1

Note: This item was continued by the Budget Committee at its meeting of September 29, 1993.

The proposed motion would exercise the second option set forth in the agreement to provide Budget Analyst services between the Board of Supervisors and Stanton W. Jones and Associates/Debra A. Newman/Rodriquez, Perez, Delgado & Company, Certified Public Accountants/Harvey M. Rose Accountancy Corporation, Certified Public Accountants/Wallace, Mah & Louie, Certified Public Accountants, A Joint Venture to extend the term of the agreement for two years from January 1, 1994 to December 31, 1995, and adopting a revised agreement.

Attached is a memorandum of September 9, 1993 previously submitted by the Clerk of the Board to the Board of Supervisors concerning the proposed motion.

BOARD of SUPERVISORS



City Hall
San Francisco 94102
554-5184

September 9, 1993

Board of Supervisors
City and County of San Francisco
235 City Hall
San Francisco, CA 94102

Dear Supervisors:

The Board of Supervisors contracts with a joint venture of five firms to provide budget analyst services. The current agreement expires at the end of this year but contains options to extend the agreement. The agreement also provides that this month the Board of Supervisors will consider exercising an option to extend the agreement for two years.

Enclosed is a motion to exercise that option and extend the agreement through calendar years 1994 and 1995.

The motion also makes a few procedural changes agreed on by the Clerk and by Harvey Rose, representing the joint venture. The most significant change relates to calculating the compensation to be paid to the joint venture. The current compensation is \$1,212,690 a year. The agreement now calls for annual increases which are:

"based on the average annual percentage increase granted to 'miscellaneous' employees of the City under the Salary Standardization Ordinance."

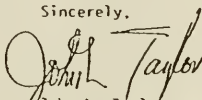
The proposed new agreement would provide:

"Effective July 1, 1994, however, the adjustment, to be defined and computed by the City Controller, shall be based on the average annual percentage increase in total compensation granted through Salary Standardization or Collective Bargaining or other salary setting mechanisms, to miscellaneous employees of the City performing work similar to that provided by the Budget Analyst." (emphasis added).

If this provision had been in effect in years when city employees received no pay raise but received new benefits (e.g. dental coverage), costs to the City of budget analysis would have increased, rather than stayed the same. Compensation increase trends appear to be higher in "fringe" benefits than in base salary, so the new provision may provide for greater future increases than the current provision.

Nevertheless, the Clerk recommends the Board approve the total compensation approach proposed by Mr. Rose, because total compensation is a more equitable approach, and likely to become more common. The controller indicates the description of his role in the new determination is satisfactory.

Sincerely,


John L. Taylor
Clerk of the Board

cc: Budget Analyst
Controller

Items 4 and 5 - Files 82-93-8 and 82-93-9

Departments: Department of Public Works (DPW)
Real Estate Department

Items: Item 4, File 82-93-8 - Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Department of Public Works, a temporary construction easement through a portion of the real property identified as Assessor's Parcel No. 5349/15, and adopting findings pursuant to Section 101.1 of the City Planning Code.

Item 5, File 82-93-9 - Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Department of Public Works, a temporary construction easement and a permanent sewer easement through a portion of the real property identified as Assessor's Parcel No. 4347A/1/2, and adopting findings pursuant to City Planning Code Section 101.1.

Amount: \$29,999 Assessor's Parcel No. 5349/15
87,555 Assessor's Parcel No. 4347A/1/2
\$117,554 Total

Source of Funds: Clean Water Sewer Bond Funds

Description: The Real Estate Department reports that the DPW is proposing to acquire two temporary construction easements and one permanent sewer easement in connection with the construction of the Islais Creek Transport Storage Project. This Project provides for the construction of underground sewer box facilities to capture, store and transport wet weather overflows, as mandated by the State Regional Water Quality Board. The Project site is located within the old Southern Pacific Transportation Company Right-of-Way, between Army and Napoleon Streets. The total estimated cost of the Project, which will be paid for by Clean Water Sewer Bond Funds, is approximately \$23,000,000. The proposed two temporary construction easements would be used as working space and materials storage space to facilitate the construction of the underground sewer box facilities and the permanent sewer easement would be used for the placement, construction and maintenance of a portion of the sewer box structure.

One of the two temporary construction easements would allow DPW access to 3,902 square feet of property owned by Federated Metals Corporation, which is adjacent to the proposed site of the Islais Creek Transport/Storage Facilities Project (File 82-93-8). The Real Estate Department advises

BOARD OF SUPERVISORS
BUDGET ANALYST

that the sum of \$29,999 would be paid to Federated Metals Corporation for temporary construction easement rights for the 18-month period from November 1, 1993 through April 30, 1995.

The second temporary construction easement would provide DPW with access to 27,698 square feet of property owned by the Eileen G. Callaghan Trust, which is located adjacent to the proposed site of the Islais Creek Transport/Storage Facilities Project (File 82-93-9). The Real Estate Department reports that the Eileen G. Callaghan Trust would be paid \$77,693 for temporary construction easements rights for the 18-month period from November 1, 1993 through April 30, 1995.

The permanent sewer easement would provide DPW with access to 1,793 square feet of property also owned by the Eileen G. Callaghan Trust (File 82-93-9). According to the Real Estate Department, the Eileen G. Callaghan Trust would be paid \$9,862 for this permanent sewer easement, bringing the total amount paid to this Trust to \$87,555.

Comments:

1. The Real Estate Department reports that the \$29,999 to be paid to Federated Metals Corporation for the temporary construction easement and the \$77,693 and \$9,862 to be paid to the Eileen G. Callaghan Trust for the temporary construction easement and the permanent sewer easement represent the fair market values for these easements.
2. The Department of City Planning has determined that the acquisition of the two temporary construction easements and the permanent easement is in conformity with the Master Plan and is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

Recommendation: Approve the proposed resolutions.

Items 6 and 7 - Files 84-93-3 and 101-92-60.1

Department: Fire Department

Items: Item 6, File 84-93-3 - Resolution authorizing the acquisition of real property identified as City and County of San Francisco Assessor's Block 5236, Lot 17 (1415 Evans Avenue) for the Fire Department, Bureau of Equipment, and adopting findings pursuant to City Planning Code Section 101.1.

Item 7, File 101-92-60.1 - Release of reserve funds for the acquisition of property at 1415 Evans Avenue for the Fire Department.

Amount: \$2,011,000

Sources of Funds: Fire Department Facilities Project Bond Funds (1992 Proposition C Bond Issue Fund)

Description: The Board of Supervisors previously approved a supplemental appropriation ordinance in the amount of \$15,307,533 from Fire Department Facilities Project Bond Funds for various capital improvement projects (File 101-92-60). Of the \$15,307,533 amount appropriated, a total of \$10,788,125 was placed on reserve pending selection of the contractors and contract cost details and the MBE/WBE status of the contractors. The Fire Department is now requesting the release of \$2,011,000 of these reserved funds to be used for the purchase of a building at 1415 Evans Avenue.

The Fire Department is proposing to relocate its existing Bureau of Equipment (BOE) to the proposed facility at 1415 Evans Avenue because (1) the current facility, which is located at 2501 25th Street, is in need of extensive seismic upgrading and other structural repairs to meet the City's current code requirements and (2) the size of the building (approximately 7,000 sq. ft.) limits the amount of equipment that can be stored at the facility, which has forced the BOE to decentralize the storage of the Fire Department's equipment and supplies. According to the Fire Department, the decentralized storage of equipment has resulted in poor inventory control, inefficient delivery procedures and poor utilization of personnel. The 2501 25th Street facility currently houses the BOE's minor tool repair facility, approximately five to ten emergency vehicles and four maintenance personnel.

The Fire Department reports that the 1992 Proposition C bond funds provisions allow for the purchase of property when the costs of the acquisition of another facility are lower than reconstruction costs of the existing facility and also when the facility to be acquired would be seismically and functionally superior to the existing facility. The Fire Department advises that the current facility which houses the BOE is an unreinforced masonry building (UMB) that was built in 1917. Mr. Roger Wong of the Bureau of Architecture advises that the Bureau has estimated that the seismic upgrade of this facility will cost approximately \$2,646,000 and deferred maintenance, along with the additional structural work needed to meet the City's current code requirements, will cost an estimated \$1,338,000, for a total estimated expenditure of approximately \$3,984,000.

The proposed two-story facility at 1415 Evans Avenue is approximately 26,800 sq. ft. (15,000 sq. ft. of warehouse space and 11,800 of office space) and was constructed in 1977. The purchase price of this property is \$2,000,000 and the closing costs are \$11,000, for a total purchase price of \$2,011,000. The Fire Department estimates that an additional \$750,000 to \$1,000,000 would be required to modify the proposed facility to meet the Department's specific needs, bringing the total estimated cost required for purchase and modification of the proposed facility to a minimum of approximately \$2,761,000 and an estimated maximum cost of \$3,011,000. As noted above, the Bureau of Architecture's estimated amount for seismic upgrade and other structural repairs to the current 7,000 sq. ft. facility at 2501 25th Street is \$3,984,000, which is \$1,223,000 more than the minimum \$2,761,000 amount estimated for the purchase and modification of the proposed 26,800 sq. ft. facility and \$973,000 more than the maximum cost estimate of \$3,011,000 for the proposed facility.

Comments:

1. The Fire Department reports that the 15,000 square feet of warehouse space in the proposed facility would permit the Department to consolidate the storage of its emergency vehicles, hoses, medical supplies, fire station supplies, the Clothing Depot (houses firefighter uniforms, helmets, boots, etc.) and earthquake and mutual aid equipment.

2. In addition to the above noted consolidation of equipment and supplies, the Fire Department advises that the proposed facility would also be used to improve and support other Fire Department functions such as: (1) provide an increased area for inservice training, which has been neglected over the years due to inadequate training space, (2) provide storage

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space for new equipment (i.e., stoves, furniture) until such equipment is delivered to the field units, (3) a possible temporary site for the Department's Physical Fitness Center during the renovation of the Old Fire Station 21, (4) provide secured storage for the Department's diesel/gasoline delivery vehicles and (5) provide office space for special Fire Department projects including the Neighborhood Emergency Response Team (N.E.R.T.) Program (this program was established after the 1989 earthquake), the Standard Operating Procedures (S.O.P.) Committee (updates and creates standard procedures for the Department) and the Facility Renovation Program. According to the Fire Department, these programs are currently housed in very inadequate office space which has a negative impact on the day-to-day functioning of these projects.

3. Chief James Lynch of the Fire Department reports that after the BOE is relocated, the building at 2501 25th Street would be used for the next three to five years as a general storage area for fire station equipment as the fire stations are being renovated for seismic upgrades. Chief Lynch advises that when this building is no longer needed for this purpose, the Department would recommend that this property be sold, and the funds from the sale be earmarked for the Department's capital improvement projects.

4. The Real Estate Department advises that the Department of Public Works has reviewed and approved all site and building reports related to the existing structure and sub-surface conditions of the property located at 1415 Evans Avenue and its suitability for the intended use by the Fire Department.

5. The Department of City Planning has determined that the acquisition of the proposed property at 1415 Evans Avenue is in conformity with the Master Plan and is consistent with the Eight Priority Policies of the City Planning Code Section 101.1.

Recommendation: Approve the proposed resolution.

Item 8 - File 101-93-10

- Department:** Department of Public Works (DPW)
- Item:** Supplemental appropriation ordinance for a capital improvement project (DeHaro and Arkansas Streets Pavement Renovation) to cover overage above ten percent of the contracted amount pursuant to provisions of Charter Section 7.203 and providing for ratification of action previously taken by the Department of Public Works for Fiscal Year 1993-1994.
- Amount:** \$25,835
- Source of Funds:** Half cent sales tax from the Transportation Authority and State-Local Transportation Partnership Program Grant
- Description:** The DPW reports that the proposed supplemental appropriation in the amount of \$25,835 would be used to pay for contract modifications, which exceed ten percent of the original contract, for the DeHaro and Arkansas Streets Pavement Renovation. Charter Section 7.203 requires authorization of the Board of Supervisors if the amount of a contract is increased by more than ten percent of the original contract amount.
- Comments:**
1. The DeHaro and Arkansas Streets Pavement Renovation improvement project consists of resurfacing, pavement base repairs, constructing curbs and sidewalks, parking areas, removing abandoned spur tracks, and installation of street lighting on DeHaro Street between Division and 24th Streets and Arkansas Street between Sixteenth and Eighteenth Streets.
 2. The DPW advises that the additional expenditures were a result of numerous meetings among the Mayor's Office, DPW, the Department of Parking and Traffic and the neighborhood's business owners. These discussions resulted in changes to the scope of the project to accommodate neighborhood needs such as the installation of street lighting, elimination of sidewalk (new sidewalk was eliminated from the proposed project because it would have eliminated too much parking), street grade changes, and expediting work before the Holiday season.
 3. The budgetary details of this contract overage above ten percent of the original contract amount for the DeHaro and Arkansas Streets Pavement Renovation Project are as follows:

Original Contract Amount	\$698,657
Contract Modifications	<u>95,700</u>
Revised contract amount	\$794,357
Previously Appropriated Funds for Contractual Services (including 10% contingency of \$69,865)	<u>768,522</u>
Excess of Revised Contract Amount Over Previously Appropriated Funds	\$25,835

4. As reflected above, a total of \$768,522 was previously appropriated due to the original contract amount of \$698,657 plus a ten percent contingency of \$69,865. The actual revised contract amount includes contract modifications which resulted in a net increase of \$95,700 or 13.7 percent greater than the original contract amount of \$698,657. Therefore, as stated above, Charter Section 7.203 requires authorization of the Board of Supervisors. However, the \$25,835 supplemental appropriation request represents the difference between the previously appropriated funds of \$768,522 and the revised contract amount of \$794,357.

5. Mr. Joe Ovadia of DPW reports that the DeHaro and Arkansas Streets Renovation project was completed on February 22, 1993. Therefore, the proposed ordinance would provide for ratification of action previously taken. Mr. Ovadia further reports that the DPW is requesting the proposed supplemental appropriation at this time because the contractor only recently submitted the bill to close out the account for this project.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 9 - File 101-93-11

Department: Department of Public Works (DPW)

Item: Supplemental appropriation ordinance for a capital improvement project (Alta Street Restoration) to cover overage above ten percent of the contracted amount pursuant to provisions of Charter Section 7.203 and providing for ratification of action previously taken by the Department of Public Works for Fiscal Year 1993-1994.

Amount: \$123,592

Source of Funds: Half-cent Sales Tax from Transportation Authority and the 1987 Street Improvement Bond

Description: The DPW reports that the proposed supplemental appropriation in the amount of \$123,592 would be used to pay for contract modifications, which exceed ten percent of the original contract, for the Alta Street Restoration. Charter Section 7.203 requires authorization of the Board of Supervisors if the amount of a contract is increased by more than ten percent of the original contract amount.

Comments:

1. The Alta Street Restoration Project consists of restoring approximately (70) feet of Alta Street between Montgomery Street and the east end of Alta Street, and stabilizing the hillside. This consists of drilling shafts and installing piles, constructing a temporary platform for construction equipment, constructing a retaining wall including tie backs, excavating, removing loose rock, and installing rockbolts and wire mesh on the hillside, reconstructing sewer lines, backfilling portions of the hill, and constructing street pavement, gutters, curbs and sidewalks.
2. The DPW advises that due to changes in geological site conditions of the hillside, the integrity of the rock was poorer than anticipated which required additional excavation to reach more competent rock. As a result of the rock and soil conditions encountered, it was necessary to shift the rockbolt pattern, increase the length of the rockbolt, increase the depth of piles, and add a tieback to the retaining wall. Thus, to accommodate the neighborhood's need for a permanent barrier in front of 22-30 Alta Street, it was necessary to construct an upper retaining wall that matched the architectural design of the existing wall.

3. The budgetary details of this contract overage above ten percent of the original contract amount for the Alta Street Restoration Project are as follows:

Original Contract Amount	\$597,080
Contract Modifications	<u>183,300</u>
Revised Contract Amount	\$780,380
Previously Appropriated Funds for Contractual Services (including 10% contingency of \$59,708)	<u>656,788</u>
Excess of Revised Contract Amount Over Previously Appropriated Funds	\$123,592

4. As reflected above, a total of \$656,788 was previously appropriated due to the original contract amount of \$597,080 plus a ten percent contingency of \$59,708. The actual revised contract amount includes contract modifications which resulted in a net increase of \$183,300 or 30.7 percent greater than the original contract amount of \$597,080. Therefore, as stated above, Charter Section 7.203 requires authorization of the Board of Supervisors. However, the \$123,592 supplemental appropriation request represents the difference between the previously appropriated funds of \$656,788 and the revised contract amount of \$780,380.

5. Mr. Joe Ovadia of the DPW reports that the Alta Street Restoration project was completed on March 15, 1993. Therefore, the proposed ordinance would provide for ratification of action previously taken. Mr. Ovadia further reports that DPW is requesting the proposed supplemental appropriation at this time, primarily because the contractor only recently submitted the bill to close out the account for this project.

Recommendation: Approve of the proposed ordinance.

Item 10 - File 170-93-8

Department: Mayor's Office of Housing

Item: Resolution authorizing the issuance and delivery of Mortgage Revenue Refunding Bonds in an aggregate principal amount not to exceed \$8 million, for the purpose of refunding bonds previously issued to provide financing for a multifamily rental housing project; approving and authorizing the execution of the bond purchase contract providing the terms and conditions for the sale of the bonds; approving and authorizing the execution of the financing agreement providing the terms and conditions for the loan of the bond proceeds to Arthur Zanello, Sylvia Zanello and Martin A. Gaewiler, Sr.; approving and authorizing the execution of the first amendment to the regulatory agreement; authorizing the Mayor, in consultation with the City Attorney, to make any necessary or advisable modifications, changes or additions to any of the bond documents; approving and authorizing City officials to execute and deliver any document necessary to implement this resolution; ratifying and approving any action heretofore taken in connection with the bonds, and refunding of the prior bonds, and the program; providing that this resolution shall constitute approval of the bonds in accordance with Section 147(f) of the Internal Revenue Code; authorizing the deposit of fees into the Housing Program Fees Fund; and related matters.

Description: In 1985, the City issued Multifamily Housing Revenue Bonds to finance several housing developments. As part of the regulatory agreement, the developers of these properties agreed to reserve a portion of the units as low-income housing for ten years. One of the developments funded by these bonds was the Mission Park Apartments, located on Army Street. Twenty percent of the units in these apartments, or 26 units of the total 130 unit apartment building, are reserved for low-income persons until 1996, in conformance with the previous regulatory agreement.

The proposed resolution would authorize the City to issue new bonds to refund the 1985 Multifamily Housing Revenue Bonds.

Comments: 1. The developers, who are responsible for paying the bond interest and redemption, are requesting that the new bonds be issued in order for the developers to take advantage of current lower interest rates. In exchange for authorization to refund the bonds, which would result in reduced monthly bond interest and redemption costs to the developers,

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(although such action would result in increased total costs - see Comment No. 7), the developers have agreed to extend the provision of low-income units for as long as these new bonds would be outstanding.

2. At the earliest, these bonds would be outstanding until 2003, a ten-year period. The bonds could be outstanding until 2018, a 25-year period. Whether the bonds are paid off in 2003, 2018, or another time between those two years is contingent upon how quickly the developers pay off the bonds.

3. According to the Mayor's Office of Housing, the City would incur no costs as a result of the refunding. Any costs to the City would be reimbursed by the developers as a part of the bond costs of issuance.

4. According to the proposed resolution, any fees payable to the Mayor's Office of Housing (that is, the City) would be deposited in the Housing Program Fees Fund, to be used as part of the Mayor's Office of Housing's annual operating budget. Such fees would include an issuer fee, at an initial amount of \$15,000, and an annual fee of \$9,214. This annual fee is approximately the same as the current annual fee paid by the developer.

5. The Federal National Mortgage Association has approved the proposed reissuance, according to the Mayor's Office.

6. The existing bonds, issued in 1985, may only be redeemed semiannually. To meet the semiannual deadline of November 1, the Mayor's Office of Housing has established a closing date for the new issue of October 14, 1993. To meet this closing date, the Board of Supervisors must act on the proposed resolution by October 12, 1993.

7. The 1985 bond issue for this project was a 21-year bond issue of \$7,480,000, at 10.04% interest. Approximately \$10,841,250 would be paid on the bond issue if it were fully repaid by April, 2006, 12.5 years from the present date, at the current monthly redemption payment of approximately \$72,275 (\$867,300 annually). The total 25-year cost of the proposed \$7,362,864 bond issue at 7% interest would be \$15,795,279. Therefore, the proposed bond issue would cost the developers an estimated \$4,954,029 more, over 25 years, than the current 21-year bond issue. However, the developers are requesting the proposed refunding because the new monthly payments of \$52,651 for the proposed bond issue

would be \$19,624 lower than the developers' current monthly payments of \$72,275.

8. Since these bonds are being redeemed by the developers, any costs or savings resulting from the proposed refunding would accrue to the developers, and not to the City. The benefit of the proposed resolution for the City is that the 26 units in the Mission Park Apartments, which have been previously designated as low income housing until 1996, would now carry the same low-income designation for at least an additional seven years (from 1996 to 2003), or until such time as the bonds are fully redeemed, which would be 2018 at the latest.

Recommendation: Approve the proposed resolution.

Item 11 - File 303-93-1

Item: Resolution adopting the alternate method of property tax allocation (Teeter Plan).

Description: The proposed resolution would change the method by which the City and County of San Francisco apportions delinquent property taxes. Currently, the City and County collects property taxes for the San Francisco Unified School District (SFUSD), the Community College District (CCD), Bay Area Rapid Transit (BART) District and the Bay Area Air Quality District (BAAQD) as well as the City's General Fund, Open Space Fund and the Children's Fund. Under the current arrangements, all of the agencies receive their share of the property taxes that are actually collected. Therefore, each agency must budget the amount of property taxes to be received, less the level of tax delinquencies that may occur in the given year.

Under the proposed alternate method of property tax allocation, the City and County would make every agency whole by fronting the money for all secured Property Tax funds as they are billed and assuming the risk of being paid by the delinquent taxpayers at some future date. In return, the City and County of San Francisco would receive the interest payments due (currently imposed at 18 percent annually) and the penalties assessed (currently charged at the one-time rate of ten percent) on the delinquent property taxes. Under the proposed resolution, the City would, in effect, purchase the receivables from the other taxing agencies.

According to the Controller's Office, this arrangement was developed in 1949 by a Contra Costa County Auditor-Controller, a Mr. Teeter, and has been used by Contra Costa County since then, pursuant to California Revenue and Taxation Code Section 4701.

Comments: 1. The Controller's Office reports that, although Contra Costa County has used this method of allocation for more than 40 years, only four other counties switched to the alternative method until this year, when an additional 20 counties are proposing to change to the Teeter method. San Francisco is proposing to change to this alternate method of property tax allocation primarily because of the recent passage of Senate Bill (SB) 742, related to the State property tax shift for fiscal year 1993-94. In addition, the recent downturn of the economy has resulted in greater property tax delinquencies and current interest rates are low,

creating a greater difference between current interest rates and the amount of interest and penalty revenues to be assessed by the City for delinquent property taxes.

2. Ms Teresa Chow of the Controller's Office reports that the estimated delinquent property taxes as of June 30, 1993, excluding BART and BAAQD (which would not participate in the proposed Teeter Plan for fiscal year 1993-94) are as follows:

<u>City Funds</u>	
General Fund	\$35,805,416
County Superintendent	42,182
Children's Fund	224,778
Open Space Fund	1,083,420
Debt Service Fund	<u>4,484,315</u>
Subtotal City Funds	\$41,640,111

<u>School District Funds</u>	
Community College District (CCD)	\$ 625,966
Unified School District (USD)	3,336,437
USD Debt Service Fund	180,578
State Property Tax Shift to CCD and USD	<u>1,854,092</u>
Subtotal School Districts	\$5,997,073

Total Delinquent Property Taxes	\$47,637,184
Excluding BART and BAAQD	

As reflected above, the total receivables are \$47.6 million. However, Ms. Chow explains that there will not be any additional transfer of City funds to outside agencies. The \$5,997,073 owed to the CCD and USD has already been accounted for in the 1993-94 revenue appropriation for Property Taxes. The \$5,834,695 of City non-General Fund monies (Total City delinquent funds of \$41,640,111 less General Fund delinquencies of \$35,805,416) will be provided through interfund borrowings until these purchases are funded out of the next several years' benefits accruing to the City through this program.

3. According to Mr. Harrington, only the Board of Supervisors' approval is required for the County Superintendent, Open Space, Children's Funds and Debt Service Fund as well as the two School Districts' Funds because all of these funds are deposited into the City's Treasury. Ms Chow indicates that the staff of the two School Boards have been notified of the pending legislation, and that these staff have no objection to the proposed resolution, since it has no financial impact on them. The Board of

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Supervisors cannot act on behalf of the BART and BAAQD funds. BART and the BAAQD Boards would need to approve this action independently and there is not sufficient time to include them in the proposed legislation for fiscal year 1993-94.

4. The recently approved Senate Bill 742 extended the date to October 15, 1993, by which the Board of Supervisors can vote on whether to adopt this alternate method of assessing delinquent property taxes for fiscal year 1993-94. In subsequent years, the Board of Supervisors can choose, by July 15, the option of continuing the standard method of apportioning property taxes or this alternate Teeter method.

5. The Controller's Office estimates that the City will be required to transfer approximately \$83 million of additional property taxes to the SFUSD and the CCD, as a result of the State Property Tax shift for Fiscal Year 1993-94. As a result of the recent changes in Senate Bill 742, if the proposed resolution is approved, 95 percent of the delinquent taxes that the City would, in effect, purchase from the SFUSD and the CCD can be applied to the 1993-94 State Property Tax shift, imposed by the State. The Controller currently estimates that the amount the City could, in effect, purchase from the two School Districts' delinquent property taxes will total approximately \$5.7 million (95 percent of \$5,997,097 equals \$5,697,242). In accordance with the State legislation, the Controller would set aside the remaining five percent (approximately \$300,000) in a reserve fund, to be used for the property taxes that would potentially not be collected.

6. Therefore, if the proposed resolution is approved, the City would still be required to shift \$83 million in Property Tax revenues to the two School Districts. However, under the 1993-94 State Property Tax shift, these funds would be comprised of \$77.3 million of the Property Tax shift and \$5.7 million of purchased Property Tax delinquencies. The \$5.7 million of purchased Property Tax delinquencies, plus the interest and penalties, will then represent future revenues to the City, to be realized over time.

7. Ms. Chow estimates that the total estimated benefit of the proposed resolution, in additional interest and penalty revenues for the City would be approximately \$1.75 million for fiscal year 1993-94. This will be offset by approximately \$350,000 of interest to be paid on the purchase of those agencies' receivables, for a net benefit to the City in 1993-94 of \$1.4 million.

Memo to Budget Committee
October 6, 1993

Recommendation: Approve the proposed resolution.

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Item 12 - File 299-93-1.2

Note: This item was continued by the Budget Committee at its meeting of September 29, 1993.

Department: Juvenile Probation Department

Item: Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall.

Description: According to the proposed resolution, the City has had an historic problem with security at the Youth Guidance Center's Juvenile Hall and the recent escape of eleven youths from the Juvenile Hall facility has emphasized the need to address these security problems. Juvenile Hall is the section of the Youth Guidance Center that houses the receiving unit and the living quarters for the juvenile offenders. The resolution states that the presence of institutional officers at the Youth Guidance Center would be a major step toward solving the security problems at the Juvenile Hall. Therefore, the proposed resolution would urge the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation that would allow the Juvenile Probation Department to obtain institutional officers (security personnel) to monitor the perimeter of the outside grounds of the Youth Guidance Center.

Presently, there are no authorized positions which are classified as security type positions at the Youth Guidance Center. The Juvenile Probation Department is proposing to implement several measures to address the security problems at Juvenile Hall. One of these measures involves the around-the-clock stationing of Buildings and Grounds Patrol Officer positions at three separate posts to (1) monitor the staff and visitor entrances and exits from Juvenile Hall (including the checking of staff and visitor identification cards) and (2) provide perimeter security of the outside grounds by foot patrol. The Juvenile Probation Department reports that in order to maintain 24 hour staffing of the three posts on an annual basis, a total of 12.6 permanent positions would be required (4.2 positions per post) plus an additional nine on-call part-time positions. The Juvenile Probation Department's estimated cost for the 12.6 proposed permanent positions and the nine on-call part-time positions for FY 1993-94, based on

the positions being filled effective November 6, 1993, is detailed below:

Personnel

Permanent Salaries:

Buildings and Grounds Patrol Officers

(12.6 positions @ \$21,539 each) \$271,391

Temporary Salaries (9 on-call part-time positions) 58,752

Fringe Benefits 58,023

Total \$388,166

On an annual basis, the cost for the 12.6 permanent positions, related fringe benefits and the temporary salaries for the nine on-call part-time positions is estimated to cost \$595,951 (\$505,749 in permanent salaries and fringe benefits plus \$90,202 in temporary salaries).

In addition to the Buildings and Grounds Patrol Officers, the Juvenile Probation Department is also proposing to implement three capital improvement projects for purposes of improving security at Juvenile Hall. The first project involves security lighting and would include the purchase and installation of roof mounted high intensity security lighting fixtures for outside spaces within the Juvenile Hall facility. These lighting fixtures, which would replace the existing lighting fixtures, would be activated by automatic light sensors. The Juvenile Probation Department's total estimated cost for this project is \$335,000. The second project involves the installation of a centralized monitoring system at Juvenile Hall, including a control station closed circuit security system, audible capabilities, perimeter fence control (alarm system which is activated if contact is made with the fence), magnetic door locks, a key control system, exterior roadway lighting and parking accommodations. The Juvenile Probation Department estimates that this project will cost approximately \$2,701,500. The third project would replace the existing fencing around the Juvenile Hall. The Juvenile Probation Department reports that this perimeter fence has been repaired numerous times over the past 40 years and is at or approaching its useful life span. The Department estimates that the replacement of the existing perimeter fence with a new fence will cost approximately \$790,700. The total estimated cost of these three capital improvement projects is \$3,827,200.

Comments:

1. Ms. Patricia Grice, of the Juvenile Probation Department reports that the Department has no surplus in its existing 1993-94 budget to pay for any of the above noted projects. As such, the Department intends to submit a supplemental appropriation requesting the necessary funds from the General

Fund Reserve. Currently the General Fund Reserve has a balance of \$10,475,979.

2. The Budget Analyst has received the attached memorandum, from the Clerk of the Board, pertaining to a potential management audit of the Juvenile Hall/Youth Guidance Center facility and Out of Home Placement programs. We estimate that a management audit of the scope specified in the memo from the Clerk of the Board would require 700 hours. At the Budget Analyst's hourly rate of \$66.43, the estimated cost for such a management audit would be \$46,501.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

BOARD of SUPERVISORS



City Hall
San Francisco 94102
554-5184

September 23, 1993

Mr. Harvey Rose
Budget Analyst
1390 Market St
San Francisco, CA 94102

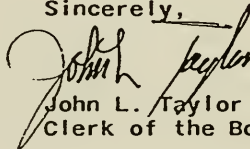
Dear Mr. Rose:

I am writing at the direction of the Board of Supervisors concerning a management audit.

Supervisor Annemarie Conroy inquires as to the hours and costs to conduct a management audit of Juvenile Hall/Youth Guidance Center facility and audit of Out of Home Placement programs.

Your early response to this inquiry, with a copy to Supervisor Conroy, will be very much appreciated.

Sincerely,


John L. Taylor
Clerk of the Board

Item 13 - File 127-93-17

Note: This item was continued at the August 18, 1993 meeting of the Budget Committee.

Item: Business Tax Amnesty Program

Description:

1. The proposed ordinance would add Article 17 Sections 1700 through 1706 to Part III of the San Francisco Municipal Code, to establish a tax penalty amnesty program for delinquent payroll and gross receipts taxes, and amend Articles 12-A and 12-B in order to increase and add penalties for delinquent payroll and gross receipts taxes as of February 1, 1994.

2. Under the proposed Business Tax Amnesty Program, tax penalties (currently ranging from a \$100 penalty for failure to obtain a business tax certificate to 10% of the amount of underpayment on any business tax return filed to 25% of estimated underpayments for businesses that do not file returns) would be waived. However, the delinquent tax itself, as well as interest on such unpaid taxes computed at the rate of 1% per month, would still be due and payable to the City.

3. The amnesty program would be established for all persons required to obtain a business tax registration certificate under the Municipal Code. For persons who meet eligibility requirements defined in the ordinance, the following amnesty provisions would apply:

- The Tax Collector shall waive all penalties owed for failure to pay any annual registration fee or file a return.
- The Tax Collector shall waive all penalties owed for delinquent payroll expense or business (gross receipts) taxes owed under the provisions of the Municipal Code.
- No proceeding to suspend or revoke a registration certificate shall be initiated.
- No civil or criminal action shall be brought against the taxpayer, for any tax period for which tax penalty amnesty is requested, based upon the non-reporting or under-reporting of tax liabilities or the non-payment of any taxes owed under the provisions of the Municipal Code.

4. The amnesty program shall apply to annual registration fees, payroll expense tax liabilities and business tax liabilities for tax periods ending on or before December 31, 1992 except that:

- The Tax Collector shall not waive penalties owed as a result of determinations under Administrative review made prior to the commencement of the amnesty application period (December 1, 1993);
- The Tax Collector shall not waive any penalties which are included in any civil tax collection litigation commenced by the Tax Collector prior to commencement of the amnesty application period (December 1, 1993).

5. Any person who is required to obtain a business tax registration certificate under the Municipal Code may file an application for payroll expense or business tax amnesty on or after December 1, 1993 and on or before January 31, 1994. Such persons must:

- File completed tax returns for all periods for which he or she has not previously filed a tax return or files amended tax returns for all periods for which he or she under-reported taxes owed; and
- Pay in full the taxes and interest due.

For any tax liability owed, the Tax Collector or the Board of Review may enter into installment payment agreements. If the Tax Collector finds a deficiency in any return filed under the provisions of the Business Tax Amnesty Program, then penalties shall be imposed only on the difference between the amount shown in the return and the correct amount of tax.

6. The proposed ordinance would also increase and add penalties for delinquencies, beginning on February 1, 1994 (after the amnesty program) in the following amounts:

For Unpaid or underpaid taxes:..... 20% of unpaid amount
(now 10%)

For unpaid taxes past-due for
over 90 days:..... additional 20% of unpaid amount
(new penalty)

For failure to file a return or failure to
respond to a request for financial
information..... \$500
(now \$100)

Non-payment, underpayment, failure to file..... 50% of tax due,
due to fraud or intent to evade (exclusive of penalties)
(now 25%)

All increased penalties will be applied to accounts that become delinquent after the proposed amnesty program. The new penalty for amounts receivable for 90 days or more can, under the current wording of the proposed ordinance, be applied to unpaid delinquencies that exist prior to the amnesty period.

7. The Controller is unable at this time to certify increased tax revenues and related interest payments that may result from this ordinance. While tax collections may increase during the amnesty period, in contrast to prior years experience, much of that revenue may have been collected in any event through the Tax Collector's normal auditing and collection processes. Since penalties would be waived under the amnesty program, there would be an offsetting revenue loss for deficient tax filings that would have been collected by the Tax Collector if the amnesty program were not in effect.

Comments:

1. The Tax Collector states that there are presently approximately 26,000 delinquent accounts that would be potentially eligible for the amnesty program. The Tax Collector recently submitted a \$100,000 supplemental appropriation request to the Mayor's Office as the costs to implement the proposed Business Tax Amnesty Program. This \$100,000 request includes \$75,000 for advertising, \$10,000 for materials and supplies, \$3,000 for a high-speed laser printer and other computer processing activities, \$3,000 for telephone and \$9,000 for printing the necessary forms and notices. In addition, the Tax Collector estimates that a team of eight staff, including four auditors and four account clerks would be required to process the amnesty requests over a three-month period, or the equivalent of one FTE auditor and one FTE account clerk.

Since the pending supplemental appropriation ordinance for the amnesty program does not provide funds for additional staff, the Tax Collector reported to the Mayor's Office "We estimate that the cost of absorbing this program will be approximately \$400,000 in lost revenues, which is what a full-time auditor generates annually."

However, this \$400,000 "revenue loss" represents the maximum impact on current, 1993-94 fiscal year audit collections only. Over the long term, such collections will be deferred, and not lost, since accounts that will not be audited this year will simply be audited in the future. Also, it can be expected that the amnesty program will result in a diminution of the present audit backlog since some delinquent accounts will choose to take advantage of the Business Tax Amnesty opportunity rather than the risk of a future audit. Consequently, it is the estimate of the Budget Analyst that the actual impact will be a deferral of approximately \$300,000, in the long run, as opposed to "lost revenue" which may occur in the present fiscal year.

2. Mr. Harrington reports that he would certify the \$100,000 direct costs cited above by the Tax Collector, since these funds should be recovered by the Business Tax Amnesty Program. Although the Controller is unable to certify additional increased revenue due to the Business Tax Amnesty Program, such a program could result in improved compliance and an increase to the business tax base if a substantial number of currently unregistered businesses use the amnesty program to become registered. The potential for an increased number of registered businesses could therefore be viewed as a long term revenue benefit resulting from the amnesty program.

3. A similar Business Tax Amnesty Program was conducted by the City of Los Angeles in 1985. Although Los Angeles' business tax collections were substantially higher for the amnesty period, costs were incurred as a result of waived penalties and diversion of business tax auditor staff time. The net gain resulting from the Los Angeles Amnesty Program, was calculated to be approximately \$13.6 million. After considering non-cash items such as estimated lost revenue due to the waiver of penalties and the diversion of revenue-producing personnel, the estimated revenue achieved amounted to approximately \$4.5 million. The table below details the benefits of the amnesty program as estimated by the City of Los Angeles.

City of Los Angeles Estimates of Business Tax Amnesty Outcome

	<u>Outcome 1</u>	<u>Outcome 2</u>
Total Amnesty Collections	\$12,485,072	\$12,485,072
Total Receivable from Installment Agreements	<u>1,366,594</u>	<u>1,366,594</u>
Total Collections/Receivables	13,851,666	13,851,666
Less: Cash Expenditures (see Note 1 below)	(290,895)	(290,895)
Non-Cash Expenditures (see Note 2 below)	<u>- 0 -</u>	<u>(9,055,259)</u>
Overall Outcome/Result	\$13,560,771	\$4,505,512

Note 1: Amnesty Cost Expenditures

Advertising	\$60,138
Personnel	206,188
Printing	1,389
Mailing Services	17,203
Computer Rental	5,000
Miscellaneous	<u>977</u>
	\$290,895

Note 2: Amnesty Non-Cash Expenditures

Lost Revenue due to Waiver of Penalties	\$6,831,240
Lost Revenue due to Assignment of Income Producing Personnel to the Amnesty Unit:	
Field Personnel Collections	326,354
Audit Personnel Assessments	<u>1,897,665</u>
	\$9,055,259

Due to the fact that the structure of the Los Angeles business tax is significantly different from that of San Francisco, this revenue benefit is not comparable to what may be realized in San Francisco. The Los Angeles program was viewed as a success in that a total of 1,500 previously unregistered businesses were added to the Business Tax base during the amnesty period.

4. The Budget Analyst notes that the body of the proposed legislation was amended to reflect the change of amnesty application dates from November and December, 1993 to December, 1993 through January, 1994 and that the new and

BOARD OF SUPERVISORS
BUDGET ANALYST

increased penalties to become effective February 1, 1994 instead of January 1, 1994. However, the title of the proposed ordinance has not yet been amended to reflect these changes.

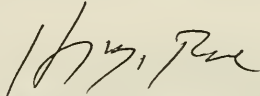
5. At the direction of the Budget Committee, a letter was sent to the Tax Collector concerning delinquent account collection procedures and related matters. The response of the Tax Collector is attached to this report.

6. As reflected in the response, a total of over \$15.3 million of outstanding delinquent taxes were identified as of June 30, 1993. These delinquent taxes include Statements Filed by Businesses without including the owed Payments (\$2,442,906), Annual \$150 Registration Fee Statements sent to Businesses that have not responded (\$8,090,438) and Payments identified through the Department's Audit Deficiency Billings (\$4,813,267). Mr. Richard Sullivan of the Tax Collector's Office notes that these amounts reflect accumulated delinquent taxes from over several years. Although the \$15.3 million reflects the total amount owed to the City, Mr. Sullivan reports that data was not readily available regarding the actual number of cases or businesses that are delinquent. However, Mr. Sullivan notes that the \$15.3 million does not include any unregistered businesses, businesses that have failed to file, businesses against whom the City has begun legal action as a result of delinquent taxes, or businesses that have filed for bankruptcy. As noted in the Tax Collector's response, "the number of unregistered businesses and the taxes they owe is difficult to determine". The businesses that have failed to file are estimated at 17,875, as reflected in the attachment, based on the number of notices mailed to businesses in July, 1993.

7. On October 1, 1993, a joint Request for Proposal (RFP) was issued by the Mayor's Office, Controller's Office and Tax Collector's Office. This RFP is requesting outside contractor services to provide sales and use tax audits. According to Mr. Harrington, there are firms that specialize in these services and these are audit services that the Tax Collector does not currently conduct. In response to concerns of the Budget Committee, this RFP also requests information from the respondents concerning whether they could provide other services, such as collection agency services and identifying delinquent business tax license fees, etc.

Recommendation: Amend the title of the proposed ordinance to reflect the change of dates, as noted in Comment 4 above.

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey



Thad Brown
Tax Collector

Richard A. Sullivan
Deputy Tax Administrator

August 13, 1993

John L. Taylor
Clerk of the Board
City Hall
San Francisco, CA 94102

SUBJECT: FILE NO. 127-93-17

Dear Mr. Taylor:

Pursuant to the above-referenced request, I am providing you with the following responses. The responses correspond to the item numbers contained in your letter.

1. Outstanding Delinquent Taxes and Number of Cases. As of June 30, 1993, total outstanding delinquent taxes amount to \$15,346,612 comprising of the following:

<i>Category</i>	<i>Delinquent Taxes</i>
Statements Filed without Payment	\$2,442,906
Registration Fee Statements	\$8,090,438
Audit Deficiency Billings	\$4,813,267
TOTAL	\$15,346,612

The Tax Collector's Office prioritizes delinquent tax cases and schedules collection action within the statutory time limitation.

Unregistered Businesses. The number of unregistered businesses and the taxes they owe is difficult to determine. At the present time, we are attempting to work with other regulatory agencies, i.e. Franchise Tax Board, EDD, and others to effectively identify businesses not in compliance with the City's business tax ordinance. In the past, this was a labor intensive activity handled by our Investigation and Audit staff as part of their on-going collection efforts.

Businesses Failing to File. In July 1993, the Business Tax Division mailed 17,875 determination notices to businesses who failed to file. These are businesses who had registered and had previously filed. Approximately 10% of these businesses respond to our notices and pay. The majority who do not respond are referred to field investigators or follow-up action. In our opinion, the amnesty program, if targeted to this group and the unregistered businesses, would have the impact of purging our files and adding new accounts.

2. Department's Collection Procedures. Within the Tax Collector's Office, several divisions are actively engaged in the collection function. They are the Business Tax Division, Investigation Division, Legal Division and the Bureau of Delinquent Revenue. A summary of their activities is provided below.

The Business Tax Division in coordination with the Controller's ISD, initiates the following:

- Mailing of approx. 58,000 annual registration renewal
- Mailing of approx. 30,000 statements with a balance due
- Mailing of approx. 18,000 determination notices.

In addition, the division conducts approximately 1,000 audits of businesses to ensure compliance, verify accuracy of statements filed, and follow-up of leads.

The Investigation Division functions as a support group to the Business Tax Division by:

- Locating delinquent taxpayers
- Perform filed collections through direct contact with taxpayers
- Serving legal documents and attaching liens
- Filing small claims actions.

The Legal Division is assigned the more complex cases of collection which usually require a thorough knowledge of bankruptcy law and analysis of commercial legal relationships as they typically involve closely held corporations or limited partnerships.

The Bureau of Delinquent Revenue performs the following collection functions:

- Generating automated letters to debtors
- Skip tracing bad addresses
- Filing creditor claims in escrow and bankruptcy
- Small Claims Court representation
- Filing civil suits in Municipal and Superior Courts.

3. Collection by Outside Contractors. It does not appear that collection by outside contractors would be more cost effective than internal collection officers for a number of reasons. One reason is cost. Collection agencies typically charge from 25% to 50% of receivable as their collection fee. Any out of pocket costs are in addition to their fees. In comparison, the Tax Collector's collection costs has historically been lower than outside contractors. In fiscal year 1992-93, the Tax Collector's collection costs averaged only 17.82%

Another reason it would not be cost effective is that, of the 17,875 determination notices sent to businesses who had failed to file, over 90% may not owe any taxes except the \$150 registration fee and the \$100 penalty. (The determination for each of these businesses is necessarily over \$2,500 due to the small business exemption.) Consequently, it is doubtful if any collection agency would want to service these delinquent accounts.

While the Amnesty Program presents the greatest potential for revenue addition to the City from the unregistered group of businesses, again it is questionable whether an outside collection agency could identify and locate them without knowing which ones are already registered and without the benefit of an audit deficiency or judgement.

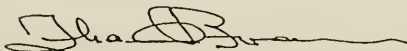
Since the Tax Collector's Office, through its divisions, is currently taking active collection efforts on all known delinquent accounts and has the expertise to efficiently and cost-effectively to pursue them, it is doubtful that an outside collection agency would have any cost advantage.

4. Utilization of Additional Positions. The Tax Collector's Office recently lost 16 positions. Most of the positions lost were clerical and accounting staff who handled the billings, renewals, payment posting, delinquent billings, reconciliations, and many other activities associated with collections. As a result of losing so many positions we will have to reassign field investigators, collection officers, and auditors to cover many of our routine clerical and accounting activities. The consequent loss of revenue from their primary activities will impact the City substantially. A month ago, we made a preliminary projection that our delinquent collections for fiscal year 1993-94 will be delayed, and possibly reduced, by a minimum of \$5.6 million, based on these reassignments.

The restored positions will be used to handle some of this work, which will enable the auditors, investigators and collection officers who would have been reassigned to concentrate their efforts on revenue-generating activities. By using the positions in this manner, we can gain back at least some of the projected revenue delay or loss.

Thank you for the opportunity to provide the above information.

Sincerely,



Thad Brown
Tax Collector

cc: Carole Migden, Budget Committee Chair
Tom Hsieh, Supervisor
Angela Alioto, Supervisor
Harvey Rose, Budget Analyst
Mary Callanan, Treasurer
Ed Harrington, Controller

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10/13/93

CALENDAR

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BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

AUG 27 1996

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WEDNESDAY, OCTOBER 13, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

Note: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - (a) File 150-91-1.3. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$249,000, for renovation of the Potrero Hill Recreation Center. (Department Public Works)

ACTION: Filed.

REGULAR CALENDAR

2. File 299-93-1.2. [Funding for Juvenile Probation Department]
Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall.
(Supervisors Alioto, Leal)
(Continued from 10/6/93)

ACTION: Continued to 10/20/93 meeting. (Supervisor Kennedy added as co-sponsor.)

3. File 101-93-12. [Government Funding] Ordinance appropriating \$114,167, Department of Public Works, for permanent salaries and mandatory fringe benefits; subject of previous budgetary denial. RO #93078 (Controller)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

4. File 101-93-13. [Government Funding] Ordinance appropriating \$363,000, Department of Public Works, for temporary salaries, mandatory fringe benefits, department and division overheads, materials and supplies, and equipment. RO #93079 (Controller)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

5. File 101-93-14. [Government Funding] Ordinance appropriating \$1,040,722, Department of Public Works, for capital improvement projects for the Fire Department. RO #93081 (Controller)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as sponsor.)

6. File 101-93-19. [Government Funding] Ordinance \$51,801, Department of Medical Examiner-Coroner, for permanent salaries, mandatory fringe benefits for the creation of one position; companion measure to File 102-93-9. RO #93103 (Controller)

ACTION: Hearing held. Continued to 10/20/93 meeting.

7. File 102-93-9. [Public Employment] Ordinance amending Annual Salary Ordinance, 1993-94, Medical Examiner-Coroner Office, reflecting the addition of one position; (Classification 2457 Assistant Forensic Toxicologist); companion measure to File 101-93-19. (Civil Service Commission)

ACTION: Hearing held. Continued to 10/20/93 meeting.

8. File 101-93-22. [Government Funding] Ordinance appropriating \$200,000 for permanent salaries, mandatory fringe benefits, other non-personal services and materials and supplies for San Francisco General Hospital for fiscal year 1993-1994. (Controller) RO #93112 SA 40

ACTION: Hearing held. (Supervisor Migden added as sponsor.)
(Supervisor Alioto added as co-sponsor.)

9. File 97-93-49. [Cultural Equity Endowment Fund Programs] Ordinance amending Administrative Code by adding new Chapter 68 establishing Cultural Equity Endowment Fund Programs, setting forth guidelines for disbursement of funds and authorizing the San Francisco Art Commission to administer and implement Cultural Equity Endowment Fund Programs.
(Supervisor Hallinan)

ACTION: Hearing held. Amendment of whole (as presented by Supervisor Hallinan) adopted.

New Title: "Amending San Francisco Administrative Code by adding new Chapter 68 thereto, establishing Cultural Equity Endowment Fund Programs, setting forth guidelines for disbursement of funds and authorizing the San Francisco Art Commission to administer and implement Cultural Equity Endowment Fund Programs."

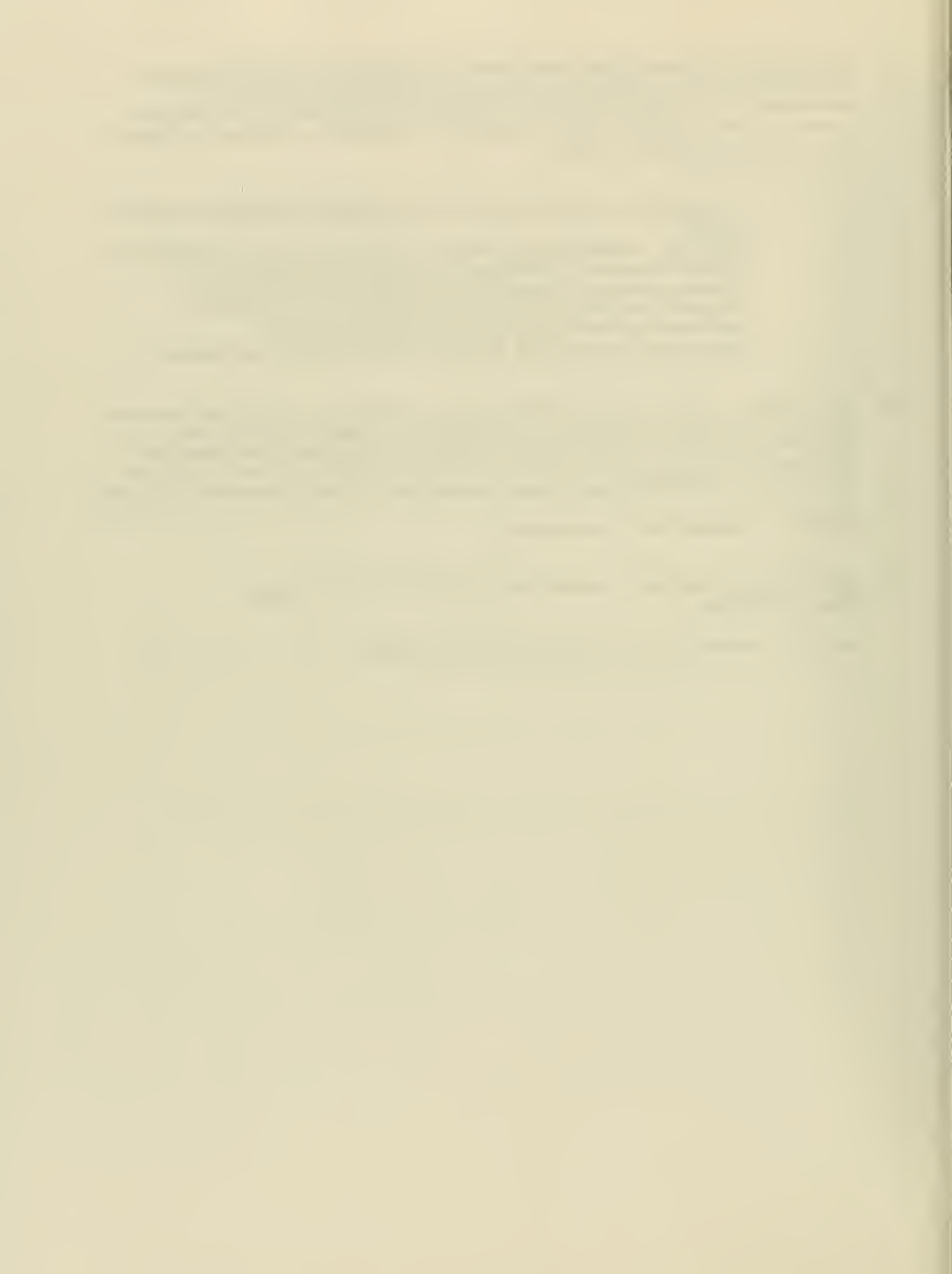
Recommended as amended. (Supervisor Alioto added as co-sponsor.)

10. File 133-93-3. [Grant - State Funds] Resolution authorizing the Chief Administrative Officer, as local Hazard Mitigation Coordinator or his designate the Director of Public Works, to apply for, accept and expend Hazard Mitigation Grant funds from California's Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990 in the amount of \$3,948,450 and waiving indirect costs. (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

11. File 100-93-11. Hearing to consider the status of the 1993-94 Budget.
(Supervisor Migden)

ACTION: Hearing held. Continued to 10/20/93 meeting.



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CITY AND COUNTY



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OCT 12 1993

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October 8, 1993

TO: // Budget Committee
FROM: /// Budget Analyst
SUBJECT: October 13, 1993 Budget Committee Meeting

Item 1a - File 150-91-1.3

Department: Department of Public Works (DPW)
Recreation and Park Department

Item: Requesting release of reserved funds for the renovation of the Potrero Hill Recreation Center.

Amount: \$249,900

Source of Funds: Department of the Interior, National Park Service, Urban Park and Recreation Recovery Act Funds

Description: The Recreation and Park Department received authorization to apply for a grant in the amount of \$249,900 to renovate the Potrero Hill Recreation Center in February 1991 (File 150-91-1). In November of 1991 (File 150-91-1.3), the Recreation and Park Department received authorization to accept and expend that grant, with the amount of \$249,900 placed on reserve pending selection of a contractor, more detailed cost information and the MBE/WBE status of the contractor.

The DPW is requesting that the \$249,900 be released from reserve for the construction phase of the renovation of the Potrero Hill Recreation Center. DPW has completed preliminary design, architectural and engineering services using local match funding from the Open Space Fund.

Comments:

Renovations would include replacement of the gymnasium floor, and renovation of the bathrooms, locker rooms, kitchen, doors, walls and water fountain. However, as of the writing of this report, the Recreation and Park Department has not prepared cost details for this project, nor has the DPW selected a contractor for the construction contract. Therefore, Mr. Tim Lillyquist of the Recreation and Park Department requests that this item be filed. Mr. Lillyquist will request the release of reserved funding after the contractor selection process is completed.

Recommendation: File this item as requested by the Recreation and Park Department.

Item 2 - File 299-93-1.2

Note: This item was continued by the Budget Committee at its meeting of October 6, 1993.

Department: Juvenile Probation Department

Item: Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall.

Description: According to the proposed resolution, the City has had an historic problem with security at the Youth Guidance Center's Juvenile Hall and the recent escape of eleven youths from the Juvenile Hall facility has emphasized the need to address these security problems. Juvenile Hall is the section of the Youth Guidance Center that houses the receiving unit and the living quarters for the juvenile offenders. The resolution states that the presence of institutional officers at the Youth Guidance Center would be a major step toward solving the security problems at the Juvenile Hall. Therefore, the proposed resolution would urge the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation that would allow the Juvenile Probation Department to obtain institutional officers (security personnel) to monitor the perimeter of the outside grounds of the Youth Guidance Center.

Presently, there are no authorized positions which are classified as security type positions at the Youth Guidance Center. The Juvenile Probation Department is proposing to implement several measures to address the security problems at Juvenile Hall. One of these measures involves the around-the-clock stationing of 8207 Buildings and Grounds Patrol Officer positions at three separate posts to (1) monitor the staff and visitor entrances and exits from Juvenile Hall (including the checking of staff and visitor identification cards) and (2) provide perimeter security of the outside grounds by foot patrol. The Juvenile Probation Department reports that in order to maintain 24 hour staffing of the three posts on an annual basis, a total of 12.6 permanent positions would be required (4.2 positions per post) plus an additional nine on-call part-time positions. The Juvenile Probation Department's estimated cost for the 12.6 proposed permanent positions and the nine on-call part-time positions for FY 1993-94, based on

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BUDGET ANALYST

the positions being filled effective November 6, 1993, is detailed below:

Personnel

Permanent Salaries:

8207 Buildings and Grounds Patrol Officers (12.6 positions @ \$21,539 each)	\$271,391
Temporary Salaries (9 on-call part-time positions)	58,752
Fringe Benefits	<u>58,023</u>
Total	\$388,166

On an annual basis, the cost for the 12.6 permanent positions, related fringe benefits and the temporary salaries for the nine on-call part-time positions is estimated to cost \$595,951 (\$505,749 in permanent salaries and fringe benefits plus \$90,202 in temporary salaries).

Comments:

1. Mr. Fred Jordan, Chief of the Juvenile Probation Department has requested that this item be continued to the Budget Committee meeting on October 20, 1993, in order to allow the Department additional time to review their departmental budget to determine whether or not the Department can identify any source of funds to pay for all or a portion of the costs of the proposed security guards.

2. An Amendment to the Whole of the proposed legislation is pending. This amendment, which will be introduced at the Budget Committee meeting on October 13, 1993, will reference the \$388,166 cost of the proposed security guards in the proposed legislation.

Recommendation: Continue the proposed resolution to the Budget Committee meeting on October 20, 1993 as requested by the Juvenile Probation Department.

Item 3 - File 101-93-12

Department: Department of Public Works (DPW)

Item: Supplemental appropriation ordinance for permanent salaries and mandatory fringe benefits; subject of previous budgetary denial.

Amount: \$114,167

Source of Funds: General Fund Reserve - DPW Street Cleaning Program
Established in the 1993-94 budget by the Board of Supervisors

Description: The DPW reports that the proposed supplemental appropriation in the amount of \$114,167 would be used to pay for the Sunday Manual Street Cleaning Program. The Sunday Manual Street Cleaning Program is part of the Sheriff's Work Alternative Program (SWAP), a program whereby sentenced misdemeanants provide community service instead of jail time. The Sunday Manual Street Cleaning Program consists of ten crews of five SWAP detainees, who sweep streets manually in downtown business and tourist areas. DPW provides supervision for these SWAP detainees. The supplemental appropriation would also fund three manual block sweeps (i.e., persons dedicated to sweeping specific, heavily trafficked areas).

In FY 1993-94, the DPW's salary savings was increased by \$114,167. To support this increase in salary savings, the Manual Street Cleaning Program and six manual block sweeps were eliminated. The proposed supplemental appropriation request would provide funds for the five-month period from August through December of 1993 for supervisors for the Manual Street Cleaning Program and the restoration of three of the six eliminated manual block sweeps, as follows:

Personnel

Supervisor I (10 supervisors for 22 8-hour shifts @ approx. \$188 per shift)	\$41,448
Supervisor II (1 supervisor for 22 8-hour shifts @ approx. \$262 per shift)	5,765
Laborers (3 laborers for 110 8-hour shifts @ approx. \$148 per shift)	<u>48,782</u>
Personnel Subtotal	\$95,995
Fringe Benefits @ 18.9 percent	<u>18,172</u>
Total Salaries and Fringe Benefits	\$114,167

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. According to the DPW, the Manual Street Cleaning Program and the manual block sweeps were stopped in the month of July because of the increase in salary savings, but was resumed in August, 1993. The DPW operated these programs by expending its budgeted funds at an accelerated rate, creating a potential deficit at the end of the fiscal year.

2. The proposed supplemental appropriation request would support the Manual Street Cleaning Program and the three manual block sweeps from August, 1993 to December 31, 1993. The DPW reports that funding for the program from January 1, 1994 to June 31, 1994 would be requested separately, at a later date. The estimated annual cost of this program is \$274,000.

3. According to Undersheriff Eileen Hirst of the Sheriff's Department, SWAP is an alternative to incarceration, and SWAP participants are misdemeanants¹ who would otherwise serve jail time. The average daily cost for keeping one inmate in the County jail is \$59, and the daily cost for keeping one inmate in rented jail beds in Alameda County is \$68 per day, while the Sheriff's average daily per person cost for SWAP is approximately \$8. Inmates are responsible for paying this \$8 cost if they have the means to do so.

Ms. Hirst reports that the number of days a SWAP participant would have spent in jail does not correspond with the number of days that participant is in SWAP. Also, costs for inmates to stay in the County jail are mostly fixed, so that the Sheriff's budget is not reduced by \$59 for each reduction in the number of inmates daily. Actual cost savings would only occur if the Sheriff's Department rented fewer beds in Alameda County as a result of the SWAP program, since rented jail beds are a variable cost. However, reductions in the number of inmates in the County jails reduce overcrowding.

4. The Supervisor I positions requested under this appropriation would each be responsible to supervise one team of five SWAP participants. The Supervisor II position would be responsible for supervising the ten supervisors. The SWAP participants would be responsible for cleaning the streets manually (such as picking up trash and sweeping debris). The Supervisor I and Supervisor II positions and the SWAP participants would implement the Manual Street Cleaning Program.

¹In rare cases, a sentenced felon may also participate in the program.

The Laborers requested under this appropriation would be responsible for providing manual street cleaning services, as part of the manual block sweeps.

The proposed supplemental appropriation would be funded from the General Fund Restoration Reserve established by the Board of Supervisors in the 1993-94 budget for the "DPW Street Cleaning Program," at \$500,000 for six months. In combination with the accompanying supplemental appropriation request for \$363,000 (see item 3, File 101-93-13) of this report, remaining Restoration/Reserve Funds for the Bureau of Street Cleaning and Environmental Services would be \$22,833.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 4 - File 101-93-13

Department: Department of Public Works (DPW)

Item: Supplemental appropriation ordinance for temporary salaries, mandatory fringe benefits, Department and Division overhead, materials and supplies, and equipment.

Amount: \$363,000

Source of Funds: General Fund Reserve - DPW Street Cleaning Program established in the 1993-94 budget by the Board of Supervisors

Description: The DPW reports that the proposed supplemental appropriation in the amount of \$363,000 would be used to pay for a new Graffiti Abatement Program. The specific purpose of this proposed Abatement Program is to clean up graffiti throughout the City. The Bureau of Street and Environmental Services currently has no dedicated graffiti abatement program, but graffiti abatement is a new responsibility assigned to the Bureau.

The requested funds would support the Graffiti Abatement Program for seven months (from December 1, 1993 to June 30, 1994), as follows:

Temporary Salaries (8,000 hours at a salary of approximately \$18 per hour)	\$143,988
Fringe Benefits @ 18.9 percent	<u>27,257</u>
Total Salaries and Fringe Benefits	\$171,245
Department Indirect Costs	22,150
Division Indirect Costs	49,605
Materials and Supplies (see Comment 1)	90,000
Equipment (see Comment 2)	<u>30,000</u>
Total Program Cost	\$363,000

Comments: 1. Materials and Supplies, at \$90,000, would include paintbrushes, paint, rags, ladders, paint softeners, buckets, and bicarbonate soda for the soda blaster.

2. Equipment, at \$30,000, would include \$15,000 for a soda blaster (a machine that is similar to a sand blaster, but which can remove a single layer of paint rather than all layers), and a compressor, at \$15,000.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. According to Mr. John Busher of the DPW, the Department intends to use existing permanent employees for the proposed Graffiti Abatement Program, and to backfill those employees' positions with temporary personnel. Mr. Busher reports that, with this staffing configuration, the Department will not be required to hire any new permanent personnel, so that if the program is not a success, no lay-offs of permanent positions will be necessary. The success of the program will be measured by several criteria, including square footage cleaned, graffiti recurrence rate, gallons of paint distributed, and number of service requests, Mr. Busher advises.

4. The proposed supplemental appropriation would be funded from the General Fund Restoration Reserve, established by the Board of Supervisors in the 1993-94 budget, for the "DPW Street Cleaning Program," at \$500,000 for six months. In combination with the accompanying supplemental appropriation request for \$114,167 (see Item 3, File 101-93-12 of this report, the remaining Restoration/Reserve Funds for the Bureau of Street and Environmental Services would be \$22,833.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 5 - File 101-93-14

Departments: Fire Department
Department of Public Works

Item: Supplemental appropriation in the amount of \$1,040,722 for capital improvement projects for the Fire Department and the Department of Public Works

Amount: \$1,040,722

Source of Funds: Bond sale interest earned from the 1989 Earthquake Safety Bond Program, Phase One

Description: The November 1989 Earthquake Safety Bond Program, Phase One, in the amount of \$59,700,000 allocated funds for the following six City departments: the Fire Department, the Fine Arts Museums, the Asian Arts Museum, the Academy of Sciences, Laguna Honda Hospital and the Department of Public Works. The Fire Department advises that there has been four sales of bonds under this bond program totaling \$48,600,000 to date.

The Fire Department is proposing to appropriate a portion of its share of interest earned from the prior sale of bonds, in the amount of \$1,040,722, for four projects which require additional funds for construction and other related costs. The four projects, along with their estimated supplemental budgets totaling \$1,040,722, are described below:

676 Howard Street Building

This project originally involved structural renovation (including seismic upgrade) and asbestos abatement in connection with the portion of the building which houses the Fire Department's Arson Task Force. The original project budget totaled \$643,000. Mr. Roger Wong of the DPW's Bureau of Architecture advises that additional funding is required for this project because of (1) unanticipated additional asbestos abatement work (2) the installation of a fire sprinkler system in the basement of the building, which was not included in the original scope of the project and (3) additional unanticipated costs incurred for the temporary relocation and leasing of space for the Arson Task Force during the construction. The DPW's estimated additional cost to complete the necessary construction work and pay for the relocation and lease, is as follows:

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Construction (installation of fire sprinkler system and asbestos abatement)	\$96,500
Relocation (moving costs)	2,500
Modification of leased site	30,000
Lease (26 months)	<u>70,800</u>
Subtotal	199,800
Less Hazard Mitigation Grant	<u>(124,598)</u>
Total	\$75,202

Fire Station #8 located at 36 Bluxome Street

This project includes structural renovation (including seismic upgrade) and asbestos abatement. The original project budget totaled \$1,915,500. Mr. Wong advises that additional funding is needed for construction work on this project due to unanticipated increases in construction costs resulting from additional grouting required to stabilize the soil, extra caisson (foundation) work, a more stringent site monitoring program, additional asbestos work, and changes in design. The DPW's estimated cost to complete the necessary construction work is as follows:

Grouting, asbestos abatement and construction support services	\$205,000
Construction Contingency	<u>134,000</u>
Total	\$339,000

Fire Station #37 located at 798 Wisconsin Street

Mr. Wong reports that this project originally included the demolition of the existing building and the construction of a new facility, at a total project cost of \$1,888,000. However, according to Mr. Wong, the scope of the project had to be revised due to a ruling by the City's Landmarks Advisory Board that the existing building built in 1913 constitutes an historically significant building and as such has to be retained. The revised project scope includes the renovation and expansion of the existing building to meet the current program needs of the Fire Department. Mr. Wong advises that, based on the revised project scope, the estimated additional cost to complete this project is as follows:

Design	\$152,500
Construction	79,020
Asbestos Abatement, Preservation work, Fuel Tank	<u>195,000</u>
Total	\$426,520

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BUDGET ANALYST

Fire Station #40 located at 2155 18th Avenue

This project includes structural renovation (including seismic upgrade) and asbestos. The original project budget totaled \$1,446,000. According to Mr. Wong, additional funds are required for this program because of unanticipated costs associated with asbestos abatement work and construction support services, and the replacement of an underground diesel fuel tank. The DPW's estimated additional cost to complete the construction work, is as follows:

Construction Services	\$80,000
Construction (fuel tank, asbestos abatement)	<u>120,000</u>
Total	\$200,000
 Grand Total	 \$1,040,722

Comment: The DPW advises that the original project contractors for the above noted projects, as originally approved by the Board of Supervisors, will perform the necessary additional work.

Recommendation: Approve the proposed ordinance.

Items 6 and 7 - Files 101-93-19 and 102-93-9

Department: Medical Examiner/Coroner

Items: File 101-93-19 - Supplemental Appropriation Ordinance for permanent salaries and related mandatory fringe benefits, for the creation of one position.

File 102-93-9 - Ordinance to amend the Annual Salary Ordinance to create one new position.

Amount: \$51,801

Source of Funds: General Fund Medical Examiner Toxicologist Reserve in the amount of \$85,000 established in the 1993-94 budget by the Board of Supervisors

Description: The Medical Examiner/Coroner, deleted the 2458 Forensic Toxicologist position in its 1993-94 departmental budget in order to meet the budget reduction target required by the Mayor's Office. Subsequently, during the budget review, the Board of Supervisors established an \$85,000 General Fund Reserve for purposes of restoring the position.

Mr. Derek Chu of the Mayor's Budget Office advises that through discussions with the Medical Examiner/Coroner, the Mayor's Office has determined that the management and supervisory duties connected with the Toxicology Lab, which had been performed by the 2458 Forensic Toxicologist position, can be assumed by the Medical Examiner. According to Mr. Chu, without the managerial responsibilities, the remaining technical staff duties which the 2458 Forensic Toxicologist had been responsible for, could be performed by a lower level position. As such, the Mayor's Office has proposed under this legislation that a 2457 Assistant Forensic Toxicologist II position, a non-management position, be established instead of a 2458 Forensic Toxicologist position. The 2458 Forensic Toxicologist position has an annual salary at the top step of \$85,164 whereas the proposed 2457 Assistant Forensic Toxicologist II position has an annual salary at the top step of \$64,180 or \$20,984 less than the 2458 Forensic Toxicologist position.

The proposed ordinance (File 102-93-9) to amend the 1993-94 Annual Salary Ordinance would create one new position as follows:

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<u>Classification</u>	<u>Bi-Weekly Salary</u>	<u>Annual Salary</u>
2457 Assistant Forensic Toxicologist II	\$2,023-\$2,459	\$52,800-\$64,180

The proposed Supplemental Appropriation Ordinance (File 101-943-19) would fund the proposed new position for the period November 1, 1993 to June 30, 1994, as follows:

<u>Classification</u>	<u>Annual Salary</u>
<u>Personnel</u>	
Assistant Forensic Toxicologist	\$42,787
Fringe Benefits	<u>9,014</u>
Total	\$51,801

Recommendation: The proposed ordinance does not fully comply with the purpose of the reserve established by the Board of Supervisors in that the legislation would create an Assistant Forensic Toxicologist instead of a Forensic Toxicologist. Therefore, approval of the proposed legislation is a policy matter for the Board of Supervisors.

Item 8 - File 101-93-22

Department: Department of Public Health (DPH)
San Francisco General Hospital (SFGH)
Department of Social Services (DSS)

Item: Supplemental appropriation ordinance for San Francisco General Hospital for FY 1993-94.

Amount: \$200,000

Source of Funds: General Fund Reserve - Department of Social Services General Assistance (GA)/Social Security Supplemental Income (SSI) Service Center established in the 1993-94 budget by the Board of Supervisors

Description: The proposed supplemental appropriation, in the amount of \$200,000, would support a GA/SSI "One Stop" Service Center at San Francisco General Hospital, to be operated jointly by the Department of Social Services (DSS) and the Department of Public Health (DPH). The Service Center would be designed to assist GA clients who are disabled to apply for and receive SSI benefits, including cash and Medi-Cal assistance.

The requested funds would support the "One Stop" Service Center for six months, from January 2, 1994 to July 1, 1994, as follows:

<u>Personnel</u>	<u>FTE</u>	
Project Director	1.0	\$43,201
Medical Evaluation Assistant	2.0	34,635
Nurse Practitioner	1.0	31,477
Clinical Social Worker	<u>1.0</u>	<u>25,526</u>
Personnel Subtotal	5.0	\$134,839
Fringe Benefits @ 18 percent		<u>24,272</u>
Total Salaries and Fringe Benefits		\$159,111
<u>Other Expenditures</u>		
Personal Computer and FAX		\$6,000
Wall partitions		10,000
Client/Patient Transportation (van lease)		20,000
Office and Clinic Supplies		<u>4,889</u>
Total Materials and Supplies		\$40,889
Total Program Cost		\$200,000

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Comments:

1. General Assistance is funded by the County, while SSI and Medi-Cal are State and Federal programs. Therefore, County GA costs would be reduced each time the Service Center assists a client to qualify for SSI and Medi-Cal. When a client is determined to be eligible for SSI, that determination is generally retroactive, so that the County can apply for reimbursement from the Federal government for GA payments made to that client, and the client is provided with a lump sum retroactive payment for the difference between what GA paid and what SSI would have paid. SSI payments are generally higher than GA payments. The County can also apply for Medi-Cal reimbursement from the State government for medical services provided to SSI eligible clients.

2. SFGH estimates that 24 individuals per day or 6,200 per year will be referred to the proposed Center from the GA program. SFGH projects a 75 percent success rate in getting these clients approved for SSI. SFGH estimates that the GA program could save a minimum of between \$1 to \$2 million in the first year of operation. In addition, SFGH expects to receive a similar amount in retroactive Medi-Cal billings once the SSI applications are approved.

3. In addition to this supplemental appropriation, the DPH and DSS have applied for a one-time grant in the amount of \$350,000 from the Social Security Administration to provide additional funding for this project, but not to extend it beyond the proposed six-month funding. This grant would fund additional positions and equipment and would also result in savings to the City through GA and Medi-Cal reimbursements. The DPH advises that the Social Security Administration is anticipated to respond to the grant request before November, 1993.

4. As previously noted, the proposed supplemental appropriation would support the "One Stop" Service Center for six months. SFGH reports that the program is scheduled to start on January 1, 1994.

On an annual basis, it is estimated that the cost of this program would be approximately \$400,000. However it is also estimated that by assisting GA clients to qualify for SSI and Medi-Cal, the City would receive, at a minimum, an estimated annual reimbursement of \$1 to \$2 million, thereby resulting in net annual revenues to the City ranging from an estimated \$600,000 to \$1,600,000.

5. The proposed supplemental appropriation would be funded from the General Fund Restoration Reserve, established by

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the Board of Supervisors in the 1993-94 budget, for the "DSS SSI Resource Center," at \$200,000 for six months.

6. The proposed supplemental appropriation would not create the five proposed positions to staff the proposed Service Center. Rather, the Department would fund existing vacant positions to staff the proposed Center and reduce its currently required salary savings by a corresponding amount.

Recommendation: Because the proposed "One Stop" Service Center is expected to save the City a minimum of \$1 to \$2 million annually and only cost the City \$400,000 annually, approve the proposed ordinance for the first six months funding of \$200,000.

Item 9 - File 97-93-49

Department: Art Commission

Item: The proposed ordinance would amend the Administrative Code by adding a new Chapter 67 to (a) establish the Cultural Equity Endowment Fund Programs, (b) establish and set forth guidelines for disbursement of the Cultural Equity Endowment Fund, and (c) authorize the Art Commission to administer and implement the Cultural Equity Endowment Fund Programs.

Description: The Board of Supervisors previously approved an ordinance to amend Part III, Section 515 of the Municipal Code to provide for the allocation of Hotel Tax monies to the Cultural Equity Endowment Fund (File 127-92-11). This Fund was recommended by the Cultural Affairs Task Force in its final report submitted to the Board of Supervisors on October 5, 1992. The Cultural Affairs Task Force, consisting of 59 representatives from various arts organizations, as well as from the private sector and City government, was created by the Board of Supervisors in March of 1991. Part III, Section 515 of the ordinance was amended, in part, to provide that effective July 1, 1993, the Cultural Equity Endowment Fund is to be allocated 1.25 percent and 1.75 percent of Hotel Taxes during FY 1993-94 and FY 1994-95 respectively, and 2.25 percent of Hotel Tax funds thereafter.

The Hotel Tax rate is currently 12 percent consisting of an 8 percent basic tax rate and a 4 percent surcharge. The total amount of Hotel Tax revenues generated for FY 1992-93 was \$55,449,000 from the basic 8 percent tax rate. The average percentage increase in the revenue growth from the Hotel Tax revenue over the past six fiscal years was 5.29 percent. The Budget Analyst believes that an average annual growth rate of 5.0% for the future years is a reasonable assumption.

In 1993-94, \$61,176,000 is budgeted for the 8 percent basis tax rate (\$29,518,000 is budgeted for the 4 percent surcharge). Based on the budgeted Hotel Tax revenues for 1993-94 from the basic 8 percent Hotel Tax rate and the assumption that the average annual percentage increase of the Hotel Tax will be 5.0 percent in subsequent years, the Budget Analyst estimates that the annual dollar amount of the Cultural Equity Endowment Fund would be as follows:

- \$764,700 in FY 1993-94 (1.25 percent of the budgeted Hotel Tax base revenues for the current fiscal year).

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- \$1,124,109 in FY 1994-95 (1.75 percent of the budgeted FY 1993-94 revenues plus a 5.0 percent growth factor).
- \$1,517,547 in FY 1995-96 (2.25 percent of the estimated FY 1994-95 revenues plus a 5.0 percent growth factor).

From July 1, 1995 forward, the Fund would continue to be allocated 2.25 percent of the Hotel Tax revenues.

The Board of Supervisors also previously approved a resolution providing (1) that the Cultural Affairs Task Force Final Report Committee be constituted as the Cultural Affairs Task Force Implementation Committee and (2) that the Cultural Affairs Task Force Implementation Committee develop a legislative proposal for the creation of the Cultural Equity Endowment Fund Programs and other proposals to implement the Task Force's final report (File 197-92-5).

The proposed ordinance would amend the Administrative Code by adding a new Chapter 67, to establish the Cultural Equity Endowment Fund Programs, establish and set forth guidelines for the disbursement of the Cultural Equity Endowment Fund and authorize the Art Commission to administer and implement the Cultural Equity Endowment Programs.

Section 67.1 of the proposed ordinance states that the purpose of the Cultural Equity Endowment Programs is to move San Francisco arts funding toward cultural equity. Sections 67.4 through 67.7 of the proposed ordinance, describe the four Programs to be funded by the Cultural Equity Endowment Fund, as follows:

Cultural Equity Initiatives Program

This program would support arts organizations which are deeply rooted in and able to express the experiences of historically underserved communities such as the African American community, the Asian community, the disabled, the Latino community, the lesbian and gay communities, the Native American community, the Pacific Islander community and women. Under this program grant wards could be made for the following types of projects: (1) creation of new programs, (2) expansion of existing programs, (3) technical assistance to improve an arts organization's management and artistic effectiveness, (4) training programs, (5) development of artistic projects, (6) marketing, (7) acquisition of equipment necessary for the arts organization's artistic

services, and (8) cross-cultural collaborations among individual artists or arts organizations.

The Commissions (Stipends) to Individual Artists Program

Under the proposed ordinance, this program would provide financial support to individual artists in order to stimulate production and dissemination of works of art in all disciplines and all neighborhoods of San Francisco. The proposed ordinance provides that the majority of commissions granted to individual artists would be to those artists who are deeply rooted in and able to express the experiences of the historically underserved communities previously noted. The commissions would be up to \$10,000.

Project Grants to Small and Mid-Size Organizations

Under this program, project grant awards would be allocated to small and mid-size arts organizations to stimulate the production and dissemination of works of art in all disciplines in San Francisco. The majority of these grant awards would be made to arts organizations fostering artistic expression that is deeply rooted in and reflective of the historically underserved communities previously noted. The grant awards would be up to \$20,000.

The Facilities Fund Program

This program would provide grants, loans and technical assistance to tax-exempt organizations for projects which provide appropriate and affordable facilities for artists and arts organizations. The majority of these grants or loans, as well as the technical assistance would be provided to organizations fostering artistic expression that is deeply rooted in and reflective of the historically underserved communities previously noted. The amount of each grant or loan would range from approximately \$10,000 to up to \$50,000. Regulations governing the loans have not, as yet, been established.

Section 67.3 of the proposed ordinance establishes the Cultural Equity Endowment Fund, which is to be funded with Hotel Tax monies collected and allocated pursuant to Part III, Section 515 of the Municipal Code. Additionally, Section 67.3 provides that (1) any unexpended balances remaining in the Fund at the close of any fiscal year, must be carried forward and accumulated in the Fund for purposes set forth in Chapter 67, (2) the Art Commission is authorized to expend the monies allocated to the Fund and to implement

and administer the Fund programs, (3) the Art Commission may evaluate and review the demands for cultural and artistic programs and the level of resources available for such programs, and determine the percentage of Fund monies to be allocated to the above-noted four Programs. The Art Commission is not required to fund all four at the above-cited Programs if the Art Commission determines, after review and evaluation, that the demand under a particular Program does not warrant expenditure.

Section 67.8 of the proposed ordinance, which outlines the guidelines for the administration of the Fund, stipulates that the Art Commission must be provided monies necessary to pay for the costs of implementing and administering the Fund in accordance with the following guidelines: (1) in the first year of implementation of the Programs, no more than 16 percent of the total monies allocated to the Fund will be made available to the Art Commission to pay for administrative costs, (2) in the second year of program implementation, no more than 14 percent of the total monies allocated to the fund would be made available to the Art Commission for administrative purposes and (3) in the third and following years of implementation, the Art Commission would be allocated no more than 12.5 percent of the total monies allocated to the Fund for administrative purposes. Based on the above noted guidelines the Hotel Tax revenues would be allocated for program and administrative expenditures for fiscal years 1993-94 to 1995-96, as follows:

<u>Fiscal Year</u>	<u>Total Fund Allocation</u>	<u>Program Allocation</u>	<u>Administrative Allocation</u>	<u>Administrative Pctg. of Total Fund</u>
1993-94	\$764,700	\$642,348	\$122,352	16.0%
1994-95	\$1,124,109	966,734	157,375	14.0%
1995-96	\$1,517,547	1,327,853	189,694	12.5%

In order to administer the Fund, the Arts Commission is proposing to hire a Facilities Grant Administrator (0.5 FTE), a Grant Assistant (1.0 FTE), and a Grants Officer (1.0 FTE), for a total of 2.5 FTE positions.

Section 67.8 also provides that the Art Commission has the authority to implement and administer the four Programs and may, without limitation (1) adopt guidelines and regulations for implementation, review, and expenditure of monies in each of the Programs, (2) appoint review panels to advise the Commission on such expenditures, (3) determine appropriate levels of annual funding for each of the Programs, (4) establish criteria and eligibility standards for

Program applicants, (5) establish criteria for awarding, granting or lending Fund monies, (6) enter into loan agreements, approved as to form by the City Attorney and (7) appoint one or more administrators of the Fund. Section 67.8 further provides that the Art Commission may establish an appeals process for any decisions regarding allocations of the Fund and may appoint an Advisory Committee to conduct an annual review of the implementation of the Fund.

Comments:

1. As noted above, the Art Commission is proposing to hire 2.5 FTE positions to administer the Cultural Equity Endowment Fund. The Chief Administrative Officer (CAO) currently has 2.5 positions which administer the Grants to the Arts Program, which will receive a total Hotel Tax allocation of \$9,719,467 for F Y 1993-94 or \$8,954,767 more than the \$764,700 earmarked for the Cultural Equity Endowment Fund for FY 1993-94. This Program awards grants to performing arts groups and organizations and institutions which support the arts (i. e., museums and galleries).

2. Ms. Kary Schulman of the CAO advises that the Grants to the Arts Program administers approximately 200 to 225 grants per year of which six are major on-going grants which represent approximately 39 percent of the total grant amount awarded each year. These six grants include the American Conservatory Theater, the Exploratorium, the Museum of Modern Art, the San Francisco Opera, the San Francisco Ballet and the San Francisco Symphony. According to Ms. Schulman, grant awards range from a minimum of approximately \$1,000 to \$2,000 (for primarily small dance companies) to approximately \$850,000 (for the San Francisco Opera).

3. Attached is a memo from Ms. Joanne Chow Winship, Director of Cultural Affairs of the Art Commission which outlines the Art Commission's justification for the proposed 2.5 FTE positions to administer the Fund.

4. As previously noted, under the proposed legislation, the Art Commission would be authorized to expend the monies allocated to the Fund and implement and administer the Fund programs without limitation. The Budget Analyst believes that the Cultural Equity Endowment Fund should be subject to the budget and fiscal provisions of the City Charter with respect to administrative costs, program costs and staff positions. As such, the Budget Analyst recommends that Section 67.8 (lines 19, 20 and 21) of the proposed legislation be amended to replace the provision which reads

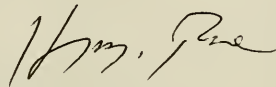
BOARD OF SUPERVISORS
BUDGET ANALYST

"The Art Commission is hereby authorized to implement and administer the Fund programs, and may, without limitation" with "The Art Commission is hereby authorized to implement and administer the Fund programs, subject to the budget and fiscal provisions of the Charter, such implementation would include:".

Such an amendment would permit a detailed review of the proposed administrative staffing and expenditures and would require specific approval of administrative expenditures and positions by the Mayor and the Board of Supervisors through a supplemental appropriation.

Recommendations: 1. Amend Section 67.8 of the proposed ordinance in accordance with Comment 4, above.

2. Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey



SAN FRANCISCO ART COMMISSION

September 1, 1993

MAYOR

FRANK M. JOSEMAN

Honorable Terence Hallinan
Board of Supervisors
City Hall, Room 235
San Francisco, CA 94102

COMMISSIONERS

ANNE HEAVY

PRESIDENT

Dear Supervisor Hallinan,

JOHN KRIVEN
VICE PRESIDENT

I understand, and share with you, your desire to minimize the administrative costs associated with the Cultural Equity Endowment Fund programs. The Commission, my staff and I have looked closely at what we would need to do to successfully implement these programs and thereby serve the purpose for which the Endowment was established. It is within this context that the projected costs were developed.

NANCY BICHTEI
ARISTIDES DIMETRIKIS
ALONZO KING
WILLIS F. KIRK
ROBERT F. LA RUCCA
GINNY LIM
RAI Y. OKAMOTO
DUDLEY ROSEKRAUS
TERRI SIMON
LIZA ZINNI

EX OFFICIO MEMBERS

The focus of these four new programs is to achieve cultural equity: to give opportunities to underserved cultures arts organizations and individual artists, and assist them with resources and services. The four programs will be open to a far larger applicant pool than Grants for the Arts, largely due to two considerations. First, this is the only City granting program for individual artists. In the final report of the Cultural Affairs Task Force, it is cited that San Francisco is home to 13,000 artists (and to 400 performing, visual and literary arts organizations). Second, there are four different programs under which individuals and organizations may apply. Because of these two factors, it is anticipated that the number of applicants will be extremely high and thus will place a heavy burden on those administering the programs. Some of the specific activities that are necessary to make the programs succeed, and that will require a substantial commitment from staff, are explained below.

PRESIDENTS OF THE
FINE ARTS MUSEUMS
LIBRARY COMMISSION
PLANNING COMMISSION
RECREATION &
PARK COMMISSION

DIRECTOR OF
CULTURAL AFFAIRS

JOANNE CHOW WINSHIP

PROGRAMS

CIVIC ART COLLECTION
CIVIC DESIGN REVIEW
COMMUNITY ARTS
& EDUCATION
SPS SYMPHONY CONCERTS
PUBLIC ART PROGRAM

STREET ARTISTS LICENSING

SUITE 70
415 252 2581

RE COMMUNITY GALLERY
155 GRANT STREET
415 554 9682



A great deal of time will be spent getting the word out: reaching underserved populations and encouraging them to apply. Many will need assistance in developing their applications, marketing materials, project ideas, and organizational and fiscal structures. Because these are public funds, we must work with applicants and grantees to assure that appropriate procedures for accountability are in place. In addition, applicants without tax-exempt status may need help in developing a relationship with a fiscal agent.

CITY AND COUNTY OF
SAN FRANCISCO

Both organizational grants and individual commissions must have a public component to their projects. Many applicants and grantees, therefore, may need assistance in securing a public venue for their projects.

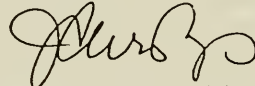
Honorable Terence Hallinan
September 1, 1993
Page 2

The facilities fund program may award grants or loans to non-profit organizations for projects aimed to secure appropriate and affordable facilities for artists and arts organizations. This will require the provision of substantial technical assistance to applicants in helping them to define the scope and budget for the project. For loans, the types of acceptable security will need to be reviewed, as well as building and financing plans.

All programs will have separate review panels to evaluate proposals. A considerable amount of time must be taken to identify qualified individuals and arrange for their participation on the panels. It must be assured that any participants will not have a conflict of interest in reviewing the applications considered by the panel. All proposals and supporting materials will need to be organized for panel review.

The enclosed job descriptions go into these tasks in more detail. Of utmost concern is our ability to provide the most effective services which will help artists and arts organizations achieve their full potential.

Sincerely,



Joanne Chow Winship
Director of Cultural Affairs

cc: ✓ Ken Bruce, Office of Budget Analyst, Board of Supervisors

Item 10 - File 133-93-3

Department: Department of Public Works (DPW)

Item: Resolution authorizing the DPW, to apply for, accept and expend State grant funds in the amount of \$3,948,450 and waiving indirect costs.

Grant Amount: \$3,948,450

Grant Period: Two and one half years from the date that the State Department of General Services approves the grant allocation

Source of Funds: State Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990

Project: Earthquake Hazard Mitigation

Description: The primary purpose of the State Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990 is to make funds available for the costs of retrofitting, reconstruction, repairing, replacing or relocating seismically deficient essential service, emergency and public safety buildings. The State Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990 specifically provides \$50,000,000 for this program.

The proposed grant funds would be used to retrofit City public safety buildings as identified in the following budget.

Budget:	<u>Total</u> <u>Seismic Budget</u>	<u>State Grant</u>	<u>City Share</u>
Central Fire Alarm 1003 Turk Street	\$289,000	\$216,750	\$72,250
Fire Station 41 1325 Leavenworth	617,000	462,750	154,250
Fire Station 36 106 Oak Street	689,000	516,750	172,250
Central Police Station 111 Bay Street	748,000	374,000	374,000
Fire Station 34 499 41st Avenue	1,271,000	762,600	508,400
Fire Station 18 1933 32nd Avenue	1,981,000	1,188,600	792,400
Women's Jail Moreland Drive, San Bruno	<u>854,000</u>	<u>427,000</u>	<u>427,000</u>
Total	\$6,449,000	\$3,948,450	\$2,500,550

Required Match: \$2,500,550

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Indirect Costs: The State Bond Act does not allow for indirect costs to be used for General City purposes.

Comments: 1. The matching requirement of \$2,500,550 will be provided as follows:

<u>Facility</u>	<u>Matching Funds</u>
Central Fire Alarm Station Fire Stations 18,34,41	Proposition C (1992 Fire Department Facilities Bond Fund)
Fire Station 36	1989 Earthquake Safety Bond Program Phase I
Central Police Station	1987 San Francisco Police Department Facilities Bond
Women's Jail #3	1990 Earthquake Safety Bond Program Phase II

2. The DPW advises that the local governments interested in the subject grant funds must provide a local match of at least 25 percent of the total seismic rehabilitation costs. However, according to Mr. Mark Primeau of the DPW, the DPW has been informed by the State Department of General Services that the larger the amount of the local match, the greater the chances that the City will receive the subject grant funds. Mr. Primeau advises that the DPW has therefore increased the amount of the local match above 25 percent for the Central Police Station (50%), Fire Station 34 (40%), Fire Station 18 (40%) and the Women's Jail (50%).

3. The DPW reports that it received a notice of funding availability on June 15, 1993 and that they must submit a grant application to the State Department of General Services by October 15, 1993. The DPW reports that they have received permission to submit the Board of Supervisors approval subsequent to the October 15, 1993 deadline date.

4. The Grant Application Summary, as prepared by the DPW for the State grant, is attached.

5. The Disability Access Checklist completed by the Department is in the file.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Grant Application Information Form

A document required to accompany a proposed resolution
Authorizing a Department to Apply for a Grant

To: The Board of Supervisors
Attn: Clerk of the Board

The following describes the grant referred to in the accompanying resolution:

Department: Department of Public Works/CAO

Contact Person: Mr. Mark A. Primeau (415) 557-4666
Mr. John Sucich Telephone: *415(554-6164

Project Title: Earthquake Safety and Public Building Rehabilitation Bond Act of 1990

Grant Source: State of California

Proposed (New / Continuation) Grant Project Summary:

The earthquake Safety and Pubic Rehabilitation Bond Act of 1990 provides \$50 million for program administration and retro fitting or replacing local government essential services, emergency and public safety buildings. The seven projects are:

1. Central Fire Alarm Station
2. Fire Station #41
3. Fire Station #36
4. Central Police Station
5. Fire Station #34
6. Fire Station #18
7. Women's Jail #3

Amount of Grant Funding Applied for: \$3,948,450.00

Maximum Funding Amount Available: \$50 million total, \$40 for Urban areas

Required Matching Funds: \$2,500,550.00

Number of Positions Created and Funded: None

Amount to be Spent on Contractual Services: Approximately 70%

Will Contractual Services be put out to Bid? Yes - Construction contracts are competitively bid.

Term of Grant: 2-1/2 years includes design and construction.

Date Department Notified of Available funds: June 15, 1993 notified

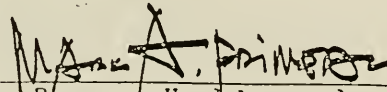
Application Due Date: October 15, 1993

Grant Funding Guidelines and Options (from RFP, grant announcement or appropriations legislation):

For a local government to eligible for during the local government must have complied with Chapter 12.2 (commencing with section 8875) (Unreinforced Masonry building Law), and also have an emergency plan approved by the office (OES) as being consistent with the state planning guidelines and the State Emergency Plan and the most recent catastrophic emergency response plan. The local government shall also have a priority list that identifies those facilities which are not expected to be operational after a major earthquake and which are critical to carrying out the emergency plan.

Per section 8878.125(a)(b): The proceeds from the sale of the bonds pursuant to this act shall not replace or supplant funds available for the Federal Emergency Management Agency (FEMA). If funds are received from FEMA for costs applied for under this chapter, then proceeds from the fund shall not be allocated, or if already allocated, then the funds shall be reimbursed for any ineligible amount.

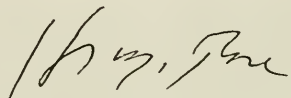
Per Section 8878.126 (a): No local government building or facility that is listed or is eligible for listing on the National Register of Historic Place or listed on any officially sponsored state or local register for inventory of historic places, may be demolished, destroyed or significantly altered, except for restoration to preserve or enhance its historical value, unless the local government finds that the structure presents a clear and imminent threat to the public of bodily harm or of damage to adjacent property which threat cannot mitigated by isolation or other measures less damaging than removal, or unless the State Office of Historic Preservation determines, pursuant to subdivision (b), that the structure may be demolished, destroyed or significantly altered.



Bureau Head Approval
for Mark A. Primeau
Assistant City Architect

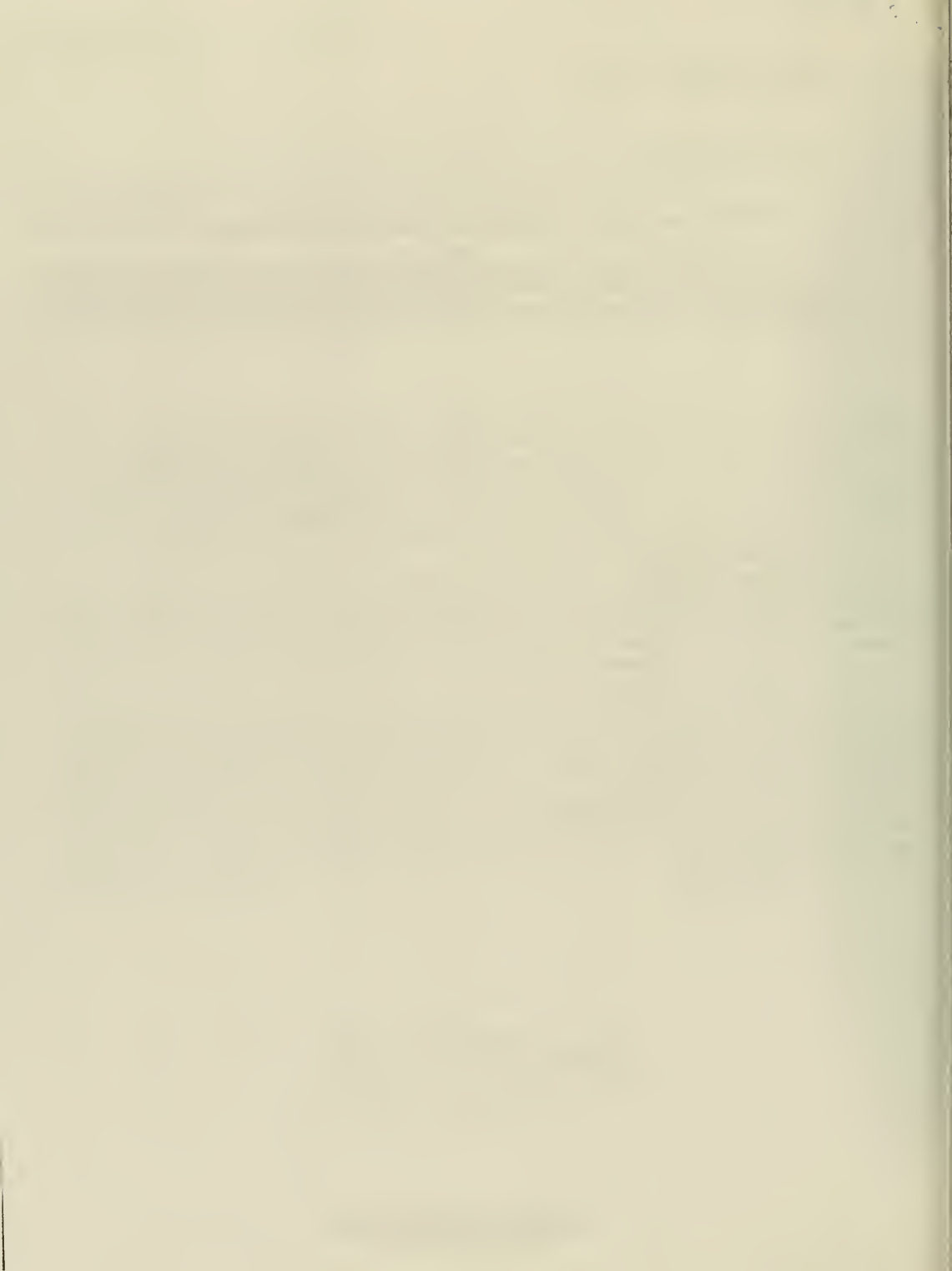
Item 11 - File 103-93-3

1. This is a hearing to consider the status of the 1993-94 budget.
2. The Budget Analyst has been informed that the Mayor's Budget Director, Ms. Teresa Serata, will provide a report directly to the Budget Committee outlining the critical budget issues facing the City and County in the 1993-94 Fiscal Year.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey



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Memo to Budget Committee
October 13, 1993

Item 5 - File 101-93-14

Budget Analyst
Revised

Public Library, Documents Dept
ATTN: Jane Hudson

DOCUMENTS DEPT.

OCT 15 1993

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PUBLIC LIBRARY

Departments: Fire Department
Department of Public Works

Item: Supplemental appropriation in the amount of \$1,040,722 for capital improvement projects for the Fire Department and the Department of Public Works

Amount: \$1,040,722

Source of Funds: Bond sale interest earned from the 1989 Earthquake Safety Bond Program, Phase One

Description: The November 1989 Earthquake Safety Bond Program, Phase One, in the amount of \$59,700,000 allocated funds for the following six City departments: the Fire Department, the Fine Arts Museums, the Asian Arts Museum, the Academy of Sciences, Laguna Honda Hospital and the Department of Public Works. The Fire Department advises that there has been four sales of bonds under this bond program totaling \$48,600,000 to date.

The Fire Department is proposing to appropriate a portion of its share of interest earned from the prior sale of bonds, in the amount of \$1,040,722, for four projects which require additional funds for construction and other related costs. The four projects, along with their estimated supplemental budgets totaling \$1,040,722, are described below:

676 Howard Street Building

This project originally involved structural renovation (including seismic upgrade) and asbestos abatement in connection with the portion of the building which houses the Fire Department's Arson Task Force. The original project budget totaled \$643,000. Mr. Roger Wong of the DPW's Bureau of Architecture advises that additional funding is required for this project because of (1) unanticipated additional asbestos abatement work (2) the installation of a fire sprinkler system in the basement of the building, which was not included in the original scope of the project and (3) additional unanticipated costs incurred for the temporary relocation and leasing of space for the Arson Task Force during the construction. The DPW reports that this project was completed on April 8, 1992. Mr. Wong advises that the additional cost for the necessary construction work and for the relocation and lease was \$199,800, of which \$124,598 was paid for by a State Hazard Mitigation Grant and the remaining \$75,202 was advanced

**BOARD OF SUPERVISORS
BUDGET ANALYST**

from the Earthquake Safety Bond Program, Phase One monies which had been earmarked for other Fire Department projects. The Fire Department is now requesting \$75,202 to reimburse the Earthquake Safety Bond Program fund. The additional cost required for the necessary construction work and to pay for the relocation and lease, was as follows:

Construction (installation of fire sprinkler system and asbestos abatement)	\$86,500
Relocation (moving costs)	2,500
Modification of leased site	30,000
Lease (26 months)	<u>80,800</u>
Subtotal	199,800
Less Hazard Mitigation Grant	<u>(124,598)</u>
Total	\$75,202

Fire Station #8 located at 36 Bluxome Street

This project includes structural renovation (including seismic upgrade) and asbestos abatement. The original project budget totaled \$1,576,500. Mr. Wong advises that additional funding is needed for construction work on this project due to unanticipated increases in construction costs resulting from additional grouting required to stabilize the soil, extra caisson (foundation) work, a more stringent site monitoring program, additional asbestos work, and changes in design. The DPW's estimated cost to complete the necessary construction work is as follows:

Grouting, asbestos abatement and construction support services	\$205,000
Construction Contingency	<u>134,000</u>
Total	\$339,000

Fire Station #37 located at 798 Wisconsin Street

Mr. Wong reports that this project originally included the demolition of the existing building and the construction of a new facility, at a total project cost of \$1,888,000. However, according to Mr. Wong, the scope of the project had to be revised due to a ruling by the City's Landmarks Advisory Board that the existing building built in 1913 constitutes an historically significant building and as such has to be retained. The revised project scope includes the renovation and expansion of the existing building to meet the current program needs of the Fire Department. Mr. Wong advises that, based on the revised project scope, the estimated additional cost to complete this project is as follows:

BOARD OF SUPERVISORS
BUDGET ANALYST

Design	\$152,500
Construction	79,020
Asbestos Abatement, Preservation work, Fuel Tank	<u>195,000</u>
Total	\$426,520

Fire Station #40 located at 2155 18th Avenue

This project includes structural renovation (including seismic upgrade) and asbestos. The original project budget totaled \$1,446,000. According to Mr. Wong, additional funds are required for this program because of unanticipated costs associated with asbestos abatement work and construction support services, and the replacement of an underground diesel fuel tank. The DPW's estimated additional cost to complete the construction work, is as follows:

Construction Services	\$80,000
Construction (fuel tank, asbestos abatement)	<u>120,000</u>
Total	\$200,000

Grand Total	\$1,040,722
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Comment: The DPW advises that the original project contractors for the above noted projects, as originally approved by the Board of Supervisors, will perform the necessary additional work.

Recommendation: Approve the proposed ordinance.

**BOARD OF SUPERVISORS****BUDGET ANALYST**

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

October 13, 1993

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: File 114-91-2 Retrofit of Fire Sprinkler Systems in High-Rise Buildings

Pursuant to your request, the following provides additional information on cost data and other issues regarding the proposed ordinance (File 114-91-2) which would require the installation of automatic fire sprinkler systems in existing office/commercial and residential high-rise buildings:

The Bureau of Building Inspection (BBI) has identified 199 office/commercial high-rise buildings and 191 residential apartment/residential hotel high-rise buildings which would be subject to the proposed ordinance. Of the 199 office/commercial high-rise buildings, 151 are 15 floors or less and 48 are more than 15 floors. Of the 191 residential apartment/residential hotel high-rise buildings, 144 are 15 floors or less and 47 are more than 15 floors.

The BBI reports that the States of Massachusetts and Nevada and 26 cities, nationwide, have enacted legislation requiring the retrofit of high-rise buildings with fire sprinkler systems. In California, the Cities of Palo Alto, Mountain View, San Jose, Santa Barbara, Beverly Hills, San Diego, Los Angeles and others are included in the 26 cities that have such requirements for high-rise buildings.

Basic Retrofitted Fire Sprinkler System Construction Costs

Mr. Litchfield, Superintendent of the BBI, has not yet computed the average cost per square foot for the installation of fire sprinkler systems. However Mr. Litchfield believes that the average cost of approximately \$4.00 per square foot to install such fire sprinkler systems, based on cost data obtained by Mr. Sweitzer, Director of the Fire Sprinkler Advisory Board of Northern California, is a reasonable cost estimate. Mr. Sweitzer sent a cost survey to 31 Bay Area contractors that install such fire sprinkler systems. Five contractors responded to the survey detailing the following cost data on specific fire sprinkler systems which such contractors installed:

<u>City</u>	<u>San Jose</u>	<u>San Jose</u>	<u>San Jose</u>	<u>Emeryville</u>	<u>Los Angeles</u>
Type of Building	Apartment	Hotel	Office	Hotel	Office
Number of Stories	10	10	13	14	10
Total Cost	\$520,000	\$250,438	\$276,000	\$500,000	\$1,354,500
Total Square Feet	117,000	50,000	112,000	153,900	400,000
Total Cost Per Square Foot	\$4.44	\$5.01	\$2.46	\$3.25	\$3.39

The five projects detailed above did not include any asbestos removal because asbestos was either not encountered or if it was present, did not require removal. Four of the projects required the installation of new water pressure booster pumps. Three of the projects used existing risers (risers are the vertical pipes that carry the water from the water connection at ground level to fire hose outlets and to the fire sprinklers on each floor of the building) and two of the projects required the installation of new risers. All five of the buildings were occupied during the installation of the fire sprinkler systems.

Based on Mr. Sweitzer's cost survey details above, the average total cost per square foot for fire sprinkler installations performed by five Bay Area contractors is \$3.71, which was rounded up to \$4.00 by Mr. Litchfield. The average size of residential apartments in San Francisco high rise apartment buildings is approximately 650 square feet. Therefore, the \$4.00 fire sprinkler installation cost per square foot, for an average size 650 square foot apartment unit is \$2,600.

BBI advises that building permit fees would be approximately two to three percent of construction costs and would have to be added to the costs in Mr. Sweitzer's survey. Thus the estimated cost of \$4.00 per square foot would be increased by \$0.08 to \$0.12 to a range of \$4.08 to \$4.12 per square foot and the total estimated cost for a 650 square foot size apartment would be between \$2,652 and \$2,678.

Other Potential Cost Factors

In addition to the costs for the basic construction of a fire sprinkler system, there may be additional required costs for other improvements to facilitate installation and connection of a fire sprinkler system. It should be noted that these are site specific improvements that may or may not be necessary for each installation of a fire sprinkler system depending on existing conditions of the building and the water supply system for the building. These other improvements and BBI's cost estimates are as follows:

New Riser — A new riser must be installed if there is no existing riser or if the existing riser cannot meet the demands of a new fire sprinkler system. BBI estimates the cost of installing a new riser at approximately \$2,200 per floor up to 15 floors and indicates that the cost per floor will be higher for a building that has more than 15 floors.

Booster Pump Installation — A booster pump is required when the water pressure at the street water main is insufficient to provide water for a fire sprinkler system. A booster pump may have to be installed in order to increase the pressure of water to the fire sprinkler system. A booster pump may be powered by electricity, diesel or gasoline fuel. BBI estimates that installation of a booster pump would cost between approximately \$30,000 and \$40,000 for a building up to 15 floors and between approximately \$40,000 and \$60,000 for a building over 15 floors.

Connection of Building Riser to Street Water Main — This connection requires burying a lateral pipe from the riser to the street water main. BBI's estimate for connecting a building riser to the street water main is between approximately \$8,600 and \$10,600 for a three to four inch street water main and approximately \$12,000 for a six inch street water main.

Installing a New Street Water Main — If there is no convenient, adequate sized water main in the street, a new street water main must be installed in order to provide adequate water to a fire sprinkler system. Street water mains are installed by the Water Department. BBI indicates that in most cases, the existing street water mains are sufficient, but if a new main must be installed, the maximum cost will be approximately \$250 per linear foot between the water source and the building's riser. However, according to BBI, the Water Department will share such costs with the building owner. BBI could not estimate the extent of such sharing of costs.

Electrical Power Connection to New Electric Booster Pump(s) — The installation of a new electricity connection to a new booster pump will require a separate, dedicated circuit from the building's main power source. BBI has not estimated the cost of a new electrical power connection.

Dedicated Emergency Electrical Power Supply Generator for Booster Pump(s) — The proposed ordinance does not require a dedicated emergency power generator for booster pumps.

Back-up Water Supply Reservoir In/On Building — The proposed ordinance does not require the construction of a back-up emergency water supply reservoir.

Monthly Water Supply and Fire Sprinkler System Maintenance Costs — Water Department monthly charges are between \$48 and \$71. BBI estimates that maintenance of a fire sprinkler system alarm is approximately \$100 monthly, but that the cost for first five years is usually included in the fire sprinkler system installer's contract guarantee package.

Architectural and Engineering Consultant Fees — According to BBI, the costs of architectural and engineering consultants, if required, would be included in the basic cost (\$4.00 per square foot estimated cost) of installing a fire sprinkler system. BBI indicates that although such consultants are not required by the proposed ordinance, some building owners may retain such consultants to perform project management and administration services. BBI has no estimate of the costs of these consultant services.

Mr. Litchfield states that in consideration of all of the above potential costs, the absolute all inclusive maximum cost per square foot to install the ultimate fire sprinkler system in existing buildings is estimated to be approximately \$22.00 per square foot. However, Mr. Litchfield reports that he cannot document this estimate and emphasizes that such an estimate would likely provide for more installation costs than would be needed. At \$22.00 per square foot, installation of a fire sprinkler system in a 650 square foot apartment unit size would cost \$14,300. Further, Mr. Litchfield maintains that the previously cited \$4.00 per square foot estimate, with a corresponding estimated cost of \$2,600 for a 650 square foot apartment unit, is a more realistic estimate of the cost to install the fire sprinkler systems.

Other Issues

Rent Increases for Capital Improvements — Mr. Joe Grubb of the Rent Arbitration Board reports that in accordance with the City's Rent Control Ordinance, all capital improvement costs of installing fire sprinkler systems can be passed through to the tenants in the form of increased rents. However, Mr. Grubb advises that the Rent Control Ordinance limits annual rent increases based on the addition of capital improvements such as fire sprinkler systems to ten percent of the existing rent. If the total pass-through exceeds the ten percent that can be passed through in the first year, the excess must be "banked" and can be passed through by future rent increases of up to ten percent each year.

Americans With Disabilities Act (ADA) and State Title 24 Requirements — BBI reports that anytime capital improvement renovations are made to a building, the Federal ADA and Title 24 of the California Administrative Code may require that additional renovations be made to meet requirements of these laws regarding access for persons with disabilities. However, BBI advises that the installation of a fire sprinkler system does not require additional renovations to meet requirements of the ADA and states that the California State Architect's Office indicates verbally that the installation of fire sprinkler system renovations does not automatically require additional renovations to meet State Title 24 requirements. BBI is waiting for written confirmation from the State Architect's Office.

Asbestos Removal — None of the five respondents to Mr. Sweitzer's survey of fire sprinkler installation costs were required to remove asbestos. BBI indicates that although asbestos may be encountered when a fire sprinkler system is installed, the asbestos does not always have to be removed before the installation can be completed. Therefore, according to BBI, the removal of asbestos is another site specific improvement that must be considered independently of the installation of a fire sprinkler system.

Architecturally Significant Buildings — Some of the high-rise buildings in San Francisco that would be subject to the proposed ordinance have ornate interiors that are significant from an architectural point of view. In order to preserve the architecturally significant interior of a high-rise building, the owner may opt to install a concealed fire sprinkler system. A concealed system installation is more expensive because all pipes, valves and equipment must be structurally integrated into the existing building walls and ceilings. Historical Landmarks may be considered to be architecturally significant but are subject to State laws regarding fire sprinkler system installations and therefore, are not subject to the proposed ordinance.

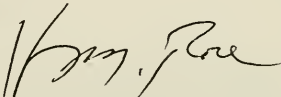
An example of the installation of a concealed fire sprinkler system is the recent renovation of the Haas Lilienthal House, a Historical Landmark which is considered to have architecturally significant interior construction. The fire sprinkler system was concealed within the building structure in order not to detract from the original architectural features of the building's interior. The total cost of installing the concealed fire sprinkler system in the Haas Lilienthal House was approximately \$270,000 for 12,000 square feet of space on four floors, or an average cost of approximately \$22.50 per square foot. The total cost of approximately \$270,000 included the basic construction cost, permits and the costs for administration of the project and relocation during construction. The Haas Lilienthal House project did not require the removal of asbestos or ADA/Title 24 improvements. Fire insurance premiums for the Haas Lilienthal House have been lowered by six percent because of the installation of a fire sprinkler system.

Appeals Board — The proposed ordinance is being amended to provide for an appeals process for building owners. The appeals board will consist of the existing six member Board of Examiners that currently hears appeals regarding building design and construction, in accordance with Section 204 of the San Francisco Building Code, plus three additional members with appropriate qualifications to consider fire sprinkler system installation appeals. Board of Examiners members and the three additional fire sprinkler system specialist members will receive a stipend of \$50 for each meeting attended.

Differences between the Los Angeles Fire Sprinkler System Retrofit Laws and the proposed San Francisco ordinance — Mr. Robert Bossi of Robert J. Bossi and Associates, Consulting Engineers, has reported that the maximum per square foot cost of installing fire sprinkler systems in Los Angeles in accordance with the requirements of the Los Angeles laws is \$12.68, or \$8.68 more than the \$4.00 estimated cost per square foot used by BBI. Mr. Sweitzer points out that there are several major differences between the comprehensive Los Angeles laws and the proposed San Francisco minimum requirements ordinance that help to explain why the difference in cost is so great, as follows:

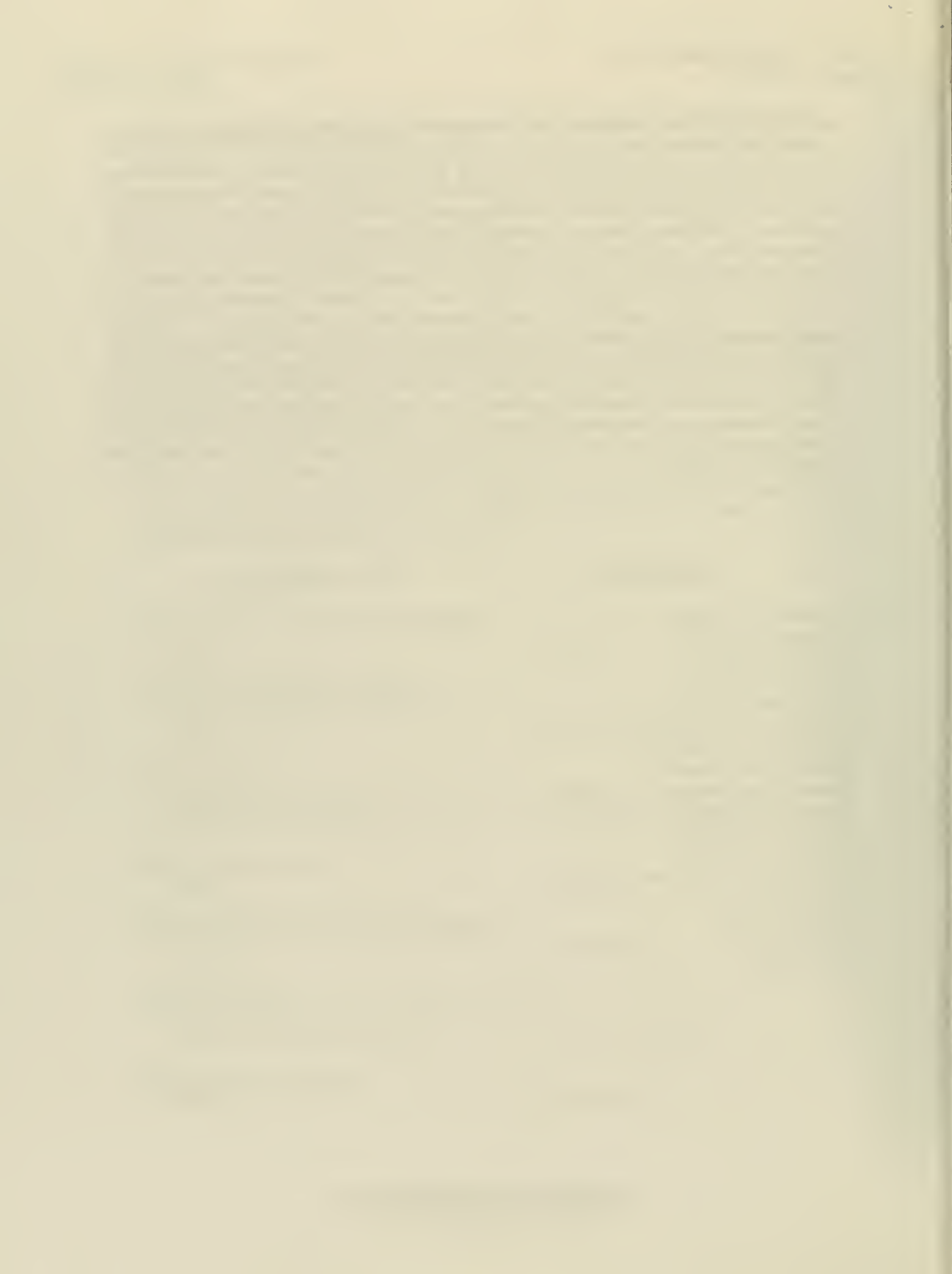
<u>Los Angeles</u>	<u>San Francisco</u>
<u>Term allowed to complete installation</u> 3 years	12 years
<u>Back-up water supply reservoir</u> Required when building has more than 15 floors	No requirements
<u>Booster pumps</u> 750 gals. per minute at 65 pounds per square inch pressure	250 gals. per minute at 50 pounds per square inch pressure
<u>Water pipe material</u> Steel	Plastic
<u>Emergency electrical power generator</u> Required	Not required
<u>Elevator lobbies</u> Must be separated from corridors by fire retarding walls and doors	No requirements
<u>Engineering Consultant</u> Required	Not required

Fire Sprinkler Installation Cost Recoveries and Related Benefits — BBI has identified two savings whereby building owner's may recover the costs of installing fire sprinkler systems. If a fire should occur in a building equipped with a fire sprinkler system, the fire sprinkler system will either put out the fire itself or will slow the spread of the fire, making the building safer. A building that is inherently safer usually is a lesser risk for an insurer and therefore, requires lower fire insurance premium rates. Another savings for a building owner can be achieved because the Internal Revenue Service, according to BBI, allows accelerated depreciation for fire sprinkler system installation capital improvements. BBI estimates that the combination of these two savings would allow a recovery of approximately eight percent of the cost per year. BBI states that at a recovery rate of eight percent, a building owner could recover the full cost of installing a fire sprinkler system in as little as nine years, based on a formula that includes considerations of economic conditions. Additionally, the value of the building should be increased by the investment made to install the fire sprinkler system.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey



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10/20/93

CALENDAR .. Action Taken

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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AUG 27 1996

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WEDNESDAY, OCTOBER 20, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

Note: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

REGULAR CALENDAR

1. File 299-93-1.2. Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall. (Supervisors Alioto, Leal, Kennedy)
(Continued from 10/13/93)

ACTION: Hearing held. Continued to call of the chair.

2. File 101-93-19. [Government Funding] Ordinance \$51,801, Department of Medical Examiner-Coroner, for permanent salaries, mandatory fringe benefits for the creation of one position; companion measure to File 102-93-9. RO #93103 (Controller)
(Continued from 10/13/93)

ACTION: Hearing held. Continued to the call of the chair.

3. File 102-93-9. [Public Employment] Ordinance amending Annual Salary Ordinance, 1993-94, Medical Examiner-Coroner Office, reflecting the addition of one position; (Classification 2457 Assistant Forensic Toxicologist); companion measure to File 101-93-19. (Civil Service Commission)
(Continued from 10/13/93)

ACTION: Hearing held. Continued to the call of the chair.

4. File 82-93-10. [Acquisition of Real Property] Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Department of Public Works, a temporary construction easement and a permanent sewer easement through a portion of the real property identified as Assessor's Parcel No. 4349/4/4A and 5214/1/4 - \$218,300; and to adopt findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

ACTION: Hearing held. Recommended.

5. File 101-93-16. [Government Funding] Ordinance appropriating \$140,000, Department of Recreation and Park, for temporary salaries; subject of previous budgetary denial. RO #93077 (Controller)

ACTION: Hearing held. Continued to call of the chair.

6. File 171-93-4. [Parking Citation Penalties] Resolution amending the penalties for violation of Traffic Code Sections 27, 32 c.2, 32.10, 32.12, 38(K), 219, and California Vehicle Code Sections 5204(a), 22500(e), 22500(f) and 22511.56(b). (Department of Parking and Traffic)

ACTION: Hearing held. Continued to call of the chair.

7. File 100-93-11. Hearing to consider the status of the 1993-94 Budget. (Supervisor Migden)
(Continued from 10/13/93)

ACTION: Hearing held. Continued to November 3, 1993 meeting.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

October 18, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: October 20, 1993 Budget Committee Meeting

Item 1 - File 299-93-1.2

Note: This item was continued by the Budget Committee at its meeting of October 13, 1993.

Department: Juvenile Probation Department

Item: Resolution urging the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation to the Board of Supervisors that would allow the Juvenile Probation Department to obtain institutional officers to monitor on a continuous basis the perimeter of the Youth Guidance Center, and to provide around-the-clock security and escort at entrances to the Youth Guidance Center's Juvenile Hall.

Description: According to the proposed resolution, the City has had an historic problem with security at the Youth Guidance Center's Juvenile Hall and the recent escape of eleven youths from the Juvenile Hall facility has emphasized the need to address these security problems. Juvenile Hall is the section of the Youth Guidance Center that houses the receiving unit and the living quarters for the juvenile offenders. The resolution states that the presence of institutional officers at the Youth Guidance Center would be a major step toward solving the security problems at the Juvenile Hall. Therefore, the proposed resolution would urge the Mayor to urge the Juvenile Probation Commission to submit a supplemental appropriation

that would allow the Juvenile Probation Department to obtain institutional officers (security personnel) to monitor the perimeter of the outside grounds of the Youth Guidance Center.

Presently, there are no authorized positions which are classified as security type positions at the Youth Guidance Center. The Juvenile Probation Department is proposing to implement several measures to address the security problems at Juvenile Hall. One of these measures involves the around-the-clock stationing of 8207 Buildings and Grounds Patrol Officer positions at three separate posts to (1) monitor the staff and visitor entrances and exits from Juvenile Hall (including the checking of staff and visitor identification cards) and (2) provide perimeter security of the outside grounds by foot patrol. The Juvenile Probation Department reports that in order to maintain 24 hour staffing of the three posts on an annual basis, a total of 12.6 permanent positions would be required (4.2 positions per post) plus an additional nine on-call part-time positions. The Juvenile Probation Department's estimated cost for the 12.6 proposed permanent positions and the nine on-call part-time positions for FY 1993-94, based on the positions being filled effective November 6, 1993, is detailed below:

Personnel

Permanent Salaries:

8207 Buildings and Grounds Patrol Officers	
(12.6 positions @ \$21,539 each)	\$271,391
Temporary Salaries (9 on-call part-time positions)	58,752
Fringe Benefits	<u>58,023</u>
Total	\$388,166

On an annual basis, the cost for the 12.6 permanent positions, related fringe benefits and the temporary salaries for the nine on-call part-time positions is estimated to cost \$595,951 (\$505,749 in permanent salaries and fringe benefits plus \$90,202 in temporary salaries).

Comment:

Mr. Fred Jordan, Chief, Probation Officer, Juvenile Court, stated that the Juvenile Probation Commission, at its meeting of October 13, 1993, voted not to submit a supplemental appropriation request for \$388,166 to pay for the proposed security personnel. Further, Mr. Jordan stated that the Juvenile Probation Department has not identified any monies in its existing budget which could be used to fund the subject security positions. Mr. Jordan advises that he, along with the President of the Juvenile Probation Commission, will be

Memo to Budget Committee
October 20, 1993

present at the Budget Committee meeting on October 20, 1993
to answer questions and to comment on this subject matter.

Recommendation: Approval of the proposed resolution is a policy matter for the
Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 2 and 3 - Files 101-93-19 and 102-93-9

Note: These items were continued by the Budget Committee at its meeting of October 13, 1993.

Department: Medical Examiner/Coroner

Items: File 101-93-19 - Supplemental Appropriation Ordinance for permanent salaries and related mandatory fringe benefits, for the creation of one position.

File 102-93-9 - Ordinance to amend the Annual Salary Ordinance to create one new position.

Amount: \$51,801

Source of Funds: General Fund Medical Examiner Toxicologist Reserve in the amount of \$85,000 established in the 1993-94 budget by the Board of Supervisors

Description: The Medical Examiner/Coroner, deleted the 2458 Forensic Toxicologist position in its 1993-94 departmental budget in order to meet the budget reduction target required by the Mayor's Office. Subsequently, during the budget review, the Board of Supervisors established an \$85,000 General Fund Reserve for purposes of restoring the position.

Mr. Derek Chu of the Mayor's Budget Office advises that through discussions with the Medical Examiner/Coroner, the Mayor's Office has determined that the management and supervisory duties connected with the Toxicology Lab, which had been performed by the 2458 Forensic Toxicologist position, can be assumed by the Medical Examiner. According to Mr. Chu, without the managerial responsibilities, the remaining technical staff duties which the 2458 Forensic Toxicologist had been responsible for, could be performed by a lower level position. As such, the Mayor's Office has proposed under this legislation that a 2457 Assistant Forensic Toxicologist II position, a non-management position, be established instead of a 2458 Forensic Toxicologist position. The 2458 Forensic Toxicologist position has an annual salary at the top step of \$85,164 whereas the proposed 2457 Assistant Forensic Toxicologist II position has an annual salary at the top step of \$64,180 or \$20,984 less than the 2458 Forensic Toxicologist position.

The proposed ordinance (File 102-93-9) to amend the 1993-94 Annual Salary Ordinance would create one new position as follows:

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Classification</u>	<u>Bi-Weekly Salary</u>	<u>Annual Salary</u>
2457 Assistant Forensic Toxicologist II	\$2,023-\$2,459	\$52,800-\$64,180

The proposed Supplemental Appropriation Ordinance (File 101-943-19) would fund the proposed new position for the period November 1, 1993 to June 30, 1994, as follows:

<u>Classification</u>	<u>Annual Salary</u>
<u>Personnel</u>	
Assistant Forensic Toxicologist	\$42,787
Fringe Benefits	<u>9,014</u>
Total	\$51,801

Recommendation: The proposed ordinance does not fully comply with the purpose of the reserve established by the Board of Supervisors in that the legislation would create an Assistant Forensic Toxicologist instead of a Forensic Toxicologist. Therefore, approval of the proposed legislation is a policy matter for the Board of Supervisors.

Item 4 - File 82-93-10

Departments: Department of Public Works (DPW)
Real Estate Department

Item: Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Department of Public Works, a temporary construction easement and a permanent sewer easement through a portion of the real property identified as Assessor's Parcel No. 4349/4/4A and 512/1/4, and adopting findings pursuant to City Planning Code Section 101.1

Amount: \$220,113 Assessor's Parcel 4349/4/4A - Permanent Easement
22,674 Assessor's Parcel 512/1/4 - Temporary Easement
\$242,787 Total
Less 24,487 Credit*
\$218,300 Total

* The Real Estate Department will be quit claiming 4,452 square feet of City property valued at \$24,487 to Peninsula Corridor Joint Powers Board (JPB), the owners of the property identified as Assessor's Parcel No. 4349/4/4A and 512/1/4.

Source of Funds: Clean Water Sewer Bond Funds

Description: The Real Estate Department reports that the DPW is proposing to acquire a temporary construction easement and a permanent sewer easement in connection with the construction of the Islais Creek Transport Storage Project. This Project provides for the construction of underground sewer box facilities to capture, store and transport wet weather overflows, as mandated by the State Regional Water Quality Board. The Project site is located within the old Southern Pacific Transportation Company Right-of-Way, between Army and Napoleon Streets. The total estimated cost of the Project, which will be paid for by Clean Water Sewer Bond Funds, is approximately \$23,000,000. The proposed temporary construction easement, comprising 6,887 square feet of space, would be used as working space and materials storage space to facilitate the construction of the underground sewer box facilities. The proposed permanent sewer easement, comprising 34,735 square feet of space, would be used for the placement, construction and maintenance of a portion of the sewer box structure.

Comments: 1. The Real Estate Department reports that the \$22,674 to be paid to the JPB for the temporary construction easement and

the \$220,113 to be paid to the JPB for the permanent sewer easement represent the fair market values for these easements.

2. The Department of City Planning has determined that the acquisition of the two easements is in conformity with the Master Plan and is consistent with the Eight Priority Policies of the City Planning Code Section 101.1.

3. The Board of Supervisors previously approved legislation (Files 82-93-8 and 82-93-9) which authorized DPW to acquire two temporary construction easements totaling 31,600 square feet of space and a permanent sewer easement comprising 1,793 square feet of space in connection with the Islais Creek Transport Storage Project. If the proposed resolution is approved by the Board of Supervisors, the DPW would have temporary access to a total of 38,487 square feet of space (31,600 sq. ft. plus 6,887 sq. ft.) for construction work space and storage space and permanent access to a total of 36,528 square feet of space (1,793 sq. ft. plus 34,735 sq. ft.) for the placement, construction and maintenance of a portion of the sewer box structure for this Project.

Recommendation: Approve the proposed resolution.

Item 5 File 101-93-16

Department: Recreation and Park Department (RPD)

Item: Supplemental Appropriation in the amount of \$140,000 for temporary salaries for the Recreation and Park Department. This request is the subject of previous budgetary denial.

Amount: \$140,000

Source of Funds: General Fund Recreation Centers - Sunday Programs Reserve established in the 1993-94 budget by the Board of Supervisors.

Description: In order to meet the budget reductions required by the Mayor's Office, the RPD's FY 1993-94 budget included a reduction of \$210,000, resulting in the closure of 32 Recreation Centers on Sundays and 18 Recreation Centers on holidays. Subsequently, during the budget review, the Board of Supervisors established a General Fund Reserve in the amount of \$140,000 for purposes of allowing the Recreation Centers to reopen on Sundays and holidays. Mr. Phil Arnold, Assistant General Manager of the RPD advises that the \$140,000 would be sufficient to reopen all 32 Recreation Centers on Sundays and 18 recreation centers on holidays for the period retroactive to August 1, 1993 to June 30, 1994, providing that the staffing level and hours of operation are reduced as outlined in the Attachment.

Mr. Arnold advises that no new permanent positions would be required to staff the Recreation Centers for the proposed part-time periods on Sundays and holidays. Instead the proposed funds would pay for temporary positions who would be assigned to cover the Recreation Centers. The \$140,000 budget for the reopening of the Recreation Centers on Sundays and holidays, is detailed below:

Recreation Centers

Boeddeker Park	3280 Assistant Recreation Director (6 hrs x 48 wks x \$12.5375)	\$3,610.80
	3280 Assistant Recreation Director (6 hrs x 48 wks x \$12.5375)	3,610.80
Children's Playground	3280 Assistant Recreation Director (7 hrs x 48 wks x 12.5375)	4,212.60
Chinese Playground	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Chinese Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 15.1750)	3,642.00
Crocker Amazon Park	3280 Assistant Recreation Director (6 hrs x 48 wks x 12.5375)	3,610.80
	3284 Recreation Director (5 hrs x 48 wks x 14.00)	3,360.00

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
October 20, 1993

Douglas Playground	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Eureka Valley Rec. Center	3284 Recreation Director (5 hrs x 48 wks x 14.00)	3,360.00
Glen Park Rec Center	3280 Assistant Recreation Director (6 hrs x 48 wks x 12.5375)	3,610.80
G.G. Senior Center	3280 Assistant Recreation Director (6 hrs 48 wks x 14.00)	4,032.00
G.G. Tennis Courts	3284 Recreation Director (7 hrs 48 wks x 14.00)	4,704.00
Hamilton Teen Center	3280 Assistant Recreation Director (6 hrs x 48 wks x 15.1750)	4,370.40
Helen Wills Playground	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Hunter's Point Gym	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Jackson Playground	3280 Assistant Recreation Director (6 hrs x 48 wks x 12.5375)	3,610.80
Joseph Lee Rec. Center	3284 Recreation Director (5 hrs x 48 wks x 14.00)	3,360.00
	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Julius Kahn Playground	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Kezar Stadium	3280 Assistant Recreation Director (8 hrs x 48 wks x 12.5375)	4,814.40
	3280 Assistant Recreation Director (8 hrs x 48 wks x 12.5375)	4,814.40
Mission Dolores	3284 Recreation Director (5 hrs x 48 wks x 14.00)	3,360.00
Mission Playground	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Mission Rec. Center	3280 Assistant Recreation Director (6 hrs x 48 wks x 12.5375)	3,610.80
Moscone Rec. Center	3280 Assistant Recreation Director (6 hrs x 48 wks x 12.5375)	3,610.80
North Beach Playground	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Ocean View Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Portola Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Potrero Hill Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Rolph Park	3280 Assistant Recreation Director (6 hrs x 48 wks x 12.5375)	3,610.80
Sigmund Stern Grove	3280 Assistant Recreation Director (7 hrs x 48 wks x 12.5375)	4,212.60
	3280 Assistant Recreation Director (7 hrs x 48 wks x 12.5375)	4,212.60
Sunset Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00

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Soma Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
St. Mary's Rec. Center	3280 Assistant Recreation Director (5 hrs x 48 wks x 12.5375)	3,009.00
Upper Noe Rec. Center	3284 Recreation Director (5 hrs x 48 wks x 14.00)	3,360.00
West Sunset Playground	3284 Recreation Director (6 hrs x 48 wks x 14.00)	<u>4,032.00</u>
	Subtotal	\$130,859.40
	Fringe Benefits 24%	<u>31,406.26</u>
	Total	\$162,265.66

Comments:

1. As noted above, the RPD's estimated budget to keep the Recreation Centers open on Sundays and holidays for the period August 1, 1993 to June 30, 1994 is \$162,266 or \$22,266 more than the \$140,000 supplemental request. Ms. Nan Neal of the RPD advises that unless the RPD can identify surplus funds in the Department's budget prior to the end of the fiscal year, the RPD will have to reduce the number of staff hours worked at the Recreation Centers, under an as yet undetermined plan, in order to remain within the \$140,000 supplemental appropriation amount.

2. As noted above, the Recreation Centers reopened effective August 1, 1993. The RPD has used existing budgeted monies in the RPD's 1993-94 budget to pay for the necessary staffing costs. The proposed \$140,000 supplemental appropriation amount would be used, in part, to reimburse the Department for these expenditures.

Recommendation: Approve the proposed ordinance in accordance with the prior policy of the Board of Supervisors to establish the \$140,000 Recreation Center Reserve Fund.

BOARD OF SUPERVISORS
BUDGET ANALYST

City and County of San Francisco

Recreation and Park Department

1993-94 BUDGET RECOMMENDATIONS

SUNDAY AND HOLIDAY RECREATION FACILITIES OPEN



Staff	Level	Class	Hours	Schedule
HAMILTON TEEN CENTER*	1	3280	6	11:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 a.m. - 5:00 p.m.
SOUTH OF MARKET REC*	1	3280	5	12:00 p.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 p.m. - 5:00 p.m.
MISSION REC. CENTER*	1	3280	6	11:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	6	11:00 a.m. - 5:00 p.m.
CHINESE REC. CENTER*	1	3284	6	11:00 a.m. - 5:00 p.m.
HOLIDAY	1	3284	5	12:00 a.m. - 5:00 p.m.
CHILDREN'S PLAYGROUND*	1	3280	7	10:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	7	10:00 a.m. - 5:00 p.m.
BOEDEKER*	2	3280	6 - 1 Shift	11:00 a.m. - 5:00 p.m.
HOLIDAY	2	3280	6 - 1 Shift	11:00 a.m. - 5:00 p.m.
SUNSET REC. CENTER*	1	3280	6	11:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 p.m. - 5:00 p.m.
MISSION PLAYGROUND	1	3284	5	12:00 p.m. - 5:00 p.m.
DOUGLASS PLAYGROUND	1	3280	5	12:00 p.m. - 5:00 p.m.
CHINESE PLAYGROUND	1	3284	5	12:00 a.m. - 5:00 p.m.
MISSION DOLORES	1	3284	5	12:00 p.m. - 5:00 p.m.
JOSEPH LEE*	2	3280/3284	5 - 1 Shift	12:00 p.m. - 5:00 p.m.
HOLIDAY	1	3284	5	12:00 p.m. - 5:00 p.m.
OCEAN VIEW*	1	3284	5	12:00 p.m. - 5:00 p.m.
HOLIDAY	1	3284	5	12:00 p.m. - 5:00 p.m.
MOSCONE*	1	3280	6	11:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 p.m. - 5:00 p.m.
ST. MARY'S*	1	3280	5	12:00 p.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 p.m. - 5:00 p.m.
POTRERO HILL*	1	3280	5	12:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 a.m. - 5:00 p.m.
EUREKA VALLEY	1	3284	5	12:00 a.m. - 5:00 p.m.
GLEN PARK*	1	3280	6	11:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 a.m. - 5:00 p.m.
UPPER NOE	1	3284	5	12:00 p.m. - 5:00 p.m.
PORTOLA*	1	3280	5	12:00 p.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 p.m. - 5:00 p.m.
SIGMUND STERN GROVE*	1/shift	3280	14- 2 Shifts	10:00 a.m. - 12:00 a.m.
HOLIDAY	1	3280	7	10:00 a.m. - 5:00 p.m.
G. G. TENNIS COURT*	1	3284	7	10:00 a.m. - 5:00 p.m.
HOLIDAY	1	3284	8	9:00 a.m. - 5:00 p.m.
KEZAR STADIUM*	1/shift	3280	16- 2 Shifts	8:30 A.M. - 9:30 a.m.
G. G. SENIOR CENTER*	1	3284	6	10:00 a.m. - 4:00 p.m.
HOLIDAY	1	3284	5	12:00 p.m. - 5:00 p.m.
JULIUS KAHN	1	3280	5	12:00 p.m. - 5:00 p.m.
WEST SUNSET*	1	3280	6 -1hr lunch	10:00 a.m. - 5:00 p.m.
HOLIDAY	1	3280	5	12:00 p.m. - 5:00 p.m.
NORTH BEACH	1	3280	5	12:00 p.m. - 5:00 p.m.
CROCKER AMAZON	1	3280	6 -1hr lunch	10:00 a.m. - 5:00 p.m.
(TWO PATTERNS)	1	3280	5	12:00 p.m. - 5:00 p.m.
HUNTERS POINT	1	3280	5	12:00 p.m. - 5:00 p.m.
ROLPH	1	3280	6	11:00 a.m. - 5:00 p.m.
JACKSON	1	3280	6	11:00 a.m. - 5:00 p.m.
HELEN WILLS	1	3280	5	12:00 p.m. - 5:00 p.m.

* OPEN ON HOLIDAYS

FAX: (415) 668-3330

McLaren Lodge, Golden Gate Park

Information: (415) 666-7200

Item 6 - File 171-93-4

Department: Department of Parking and Traffic (DPT)

Item: Resolution amending the penalties for violation of Traffic Code Sections 27, 32 c.2, 32.10, 32.12, 38(k), 219 and California Vehicle Code Sections 5204(a), 22500(e), 22500(f) and 22511.56(b).

Description: The Department of Parking and Traffic reports that, as required by State law, the DPT will be assuming all functions relating to the processing of parking citations, effective November 1, 1993. Accordingly, the DPT has recently conducted the review of citation penalties, previously processed by the Municipal Court. As part of this review, the DPT, has determined that the penalties associated with the violation of the Traffic Code and California Vehicle Code Sections noted above should be increased as follows, to comply with State law, to make the penalties consistent with other comparable violations and to serve as a deterrent for violators:

<u>Traffic Code</u>	<u>Current Penalty</u>	<u>Proposed Penalty</u>
Section 27 (Parking a motor vehicle in a motorcycle zone)	\$13	\$20
Section 32 c.2 (Overtime parking)	15	20
Section 32.10 (Off-street parking meter)	15	20
Section 32.12 (Off-street parking posted time limits)	13	20
Section 38(k) (Unauthorized parking in a disabled driver zone)	103	275
Section 219 (Overtime parking at a Motorcycle meter)	13	20
<u>California Vehicle Code</u>		
Section 5204(a) (No registration tabs)	25	60
Section 22500(e) (Parking in front of a driveway)	50	75

BOARD OF SUPERVISORS
BUDGET ANALYST

	<u>Current Penalty</u>	<u>Proposed Penalty</u>
Section 22500(f) (Parking on a sidewalk with four wheels)	\$25	\$50
Section 22511.56(b) (Unauthorized use of disabled driver placard)	103	500

The DPT advises that the current penalties for violation of Traffic Code Sections 27, 32 c.2, 32.10, 32.12, and 219 are significantly lower than other penalties for similar violations of the Traffic Code. Additionally, according to the DPT, the current penalty for violation of Section 38(k) of the Traffic Code is significantly lower than the penalty for the violation of Section 22507.8 of the California Vehicle Code, which is an identical offense.

The DPT reports that the current penalty for violation of Section 5204(a) of the California Vehicle Code does not comply with the State law. According to the DPT, the current penalties for violation of Sections 22500(e) and 22500(f) of the California Vehicle Code are not sufficient to act as a deterrent to motorists. In the case of Section 22500(f), parking on a sidewalk with four wheels, the DPT also notes that such parking poses an unusual hazard for pedestrians, particularly those who are elderly or disabled. In addition, the DPT advises that the current penalty for the violation of Section 22511.56(b) of the California Vehicle Code is insufficient to act as a deterrent to motorists who have unauthorized use of disabled driver placards.

Comment:

The DPT reports that assuming that violations of the above-noted Traffic and California Vehicle Codes are enforced at the same level as they were in FY 1992-93, these penalty increases would generate approximately \$378,889 in additional revenue to the City on an annual basis. The DPT notes however, that since increased citation penalties sometimes result in substantially greater compliance, the DPT cannot precisely estimate the fiscal impact of the proposed increased penalties.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 7 - File 100-93-11

Note: This item was continued by the Budget Committee at its meeting of October 13, 1993.

This is a hearing to consider the status of the 1993-94 budget.

At the October 13, 1993 Budget Committee meeting, Ms. Teresa Serata, the Mayor's Budget Director, issued a one-page document pertaining to the Fiscal Year 1993-94 budget entitled Summary - Revenues and Expenses. This summary document provided by Ms. Serata identifies some of the programs funded for six months in the 1993-94 budget, as well as various proposed expenditures which the Mayor's Office is currently anticipating, that were not previously considered by the Board of Supervisors. According to Ms. Serata, this summary provides a worst case scenario for the City's fiscal year 1993-94 budget.

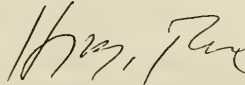
In response, the Budget Committee sent a letter to the Mayor's Office requesting additional information regarding (1) the lack of compliance by City departments in adhering to their budgets; (2) the numerous supplemental appropriations being forwarded by the Mayor's Office to the Board of Supervisors; and (3) an update on the Police (\$2.0 million) and Fire (\$3.0 million) labor agreements. The Budget Analyst has been informed that Ms. Serata will provide a report directly to the Budget Committee responding to these matters.

In addition, the Budget Committee has sent letters to the Director of Emergency Services, Director of the Department of Public Health, Director of San Francisco General Hospital, the District Attorney, City Attorney, Tax Collector, General Manager of the Public Utilities Commission, Chief of the Fire Department, Chief of the Police Department, Sheriff, General Manager of the Department of Social Services and General Manager of the Municipal Railway expressing the Committee's concern regarding the lack of compliance with the 1993-94 budget and requesting that these department representatives attend the October 20, 1993 Budget Committee meeting to respond to Committee members questions concerning the status of their 1993-94 budgets.

During the Fiscal Year 1993-94 budget deliberations, the Board of Supervisors established various six month and full year reserves, as part of the final approved Annual Appropriations Ordinance for FY 1993-94. A summary status report on these reserves, totalling \$18,580,000, as prepared by the Controller's Office is attached (Attachment 1).

Memo to Budget Committee
October 20, 1993

Also attached (Attachment 2) is a schedule prepared by the Controller that shows the current status of the General Fund Reserve and pending supplemental appropriation requests. If supplemental appropriations are approved in the amounts shown in Attachment 2, the General Fund Reserve will be reduced from its current balance of \$10,069,663 to \$4,826,298.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

US OF BOARD RESERVES

1993-94

F OCTOBER 12, 1993

	BEGINNING	CHANGES	CURRENT	CHANGES	WHERE	BALANCE
SERVE	BALANCE	APPROVED	BALANCE	PENDING	PENDING	AFTER CHANGES
<u>Month Restorations</u>						
Public Health Tier 1 & 2	9,200,000	0	9,200,000	(9,055,988)	Mayor	144,012
Library - Replace Parcel Tax	4,000,000	0	4,000,000	(4,000,000)	Mayor	0
Children's Fund - Net (1)	1,600,000	0	1,600,000	(1,485,523)	Mayor	114,477
Transit Railway Maintenance	2,050,000	0	2,050,000	(1,986,885)	Board	63,115
West Street Cleaning Program	500,000	0	500,000	(477,167)	Board (2)	22,833
Partnership	200,000	0	200,000	(200,000)	Controller	0
SSI Resource Center	200,000	0	200,000	(200,000)	Board (2)	0
Session Alcohol Abuse &						
DMSF CE & I Programs	135,000	0	135,000	(127,793)	Mayor	7,207

Year Restorations

Human Rights Commission	155,000	0	155,000	(155,000)	Board	0
Centers - Sunday Programs	140,000	0	140,000	(140,000)	Board	0
Collector Enhancements	140,000	0	140,000	(139,630)	Mayor	370
Senior Information & Referral	100,000	0	100,000	0		100,000
Lead Examiner Toxicologist	85,000	0	85,000	(51,801)	Board (2)	33,199
Senior Escort Program	29,000	0	29,000	0		29,000
Neighborhood Cultural Centers	26,000	0	26,000	(26,570)	Mayor	(570)
City Laborer Program	20,000	0	20,000	0		20,000
Total:	18,580,000	0	18,580,000	(18,045,357)		533,643

Balance remaining in children's fund reserve may not be used unless criteria are met regarding the use of the children's fund.
Budget Committee calendar for 10/13/93.

STATUS OF GENERAL FUND RESERVE

Y 1993-94

S OF OCTOBER 12, 1993

	BEGINNING	CHANGES	CURRENT	CHANGES	BALANCE
	BALANCE	APPROVED	BALANCE	PENDING	AFTER
RESERVE					CHANGES
General Fund Reserve	10,511,484				
Increase appropriation for municipal symphony concerts per tax rate ord.:		(35,505)			
Parking & Traffic supplemental to add staff due to transfer of parking citation function:		<u>(406,316)</u>	10,069,663		
		(441,821)			
<u>Supplementals Pending at Board</u>					
District Attorney supplemental to reduce salary savings and increase fringe benefits:				(500,000)	
District Attorney - Family Support supplemental to increase temporary staffing to reduce backlog of child support cases (net amount needed for local match only):				<u>(35,595)</u>	
				(535,595)	
					9,534,068
<u>Supplementals Pending with the Mayor & Controller</u>					
Adult Probation supplemental to restore position formerly grant funded:				(43,846)	
Parking and Traffic supplemental to add funding for design services re: SFGH garage:				(285,000)	
Police supplemental to increase funding for OCC:				(116,674)	
Sheriff supplemental to add funding for new jail:				(4,014,035)	
Sheriff supplemental to add funding for City Hall security function:				(127,368)	
Treasurer/Tax Collector supplemental to implement new jobs tax credit provision of business tax ordinance:				<u>(120,847)</u>	
				(4,707,770)	
Ending Balance of General Fund Reserve If All Changes are Approved:					4,826,298

ice of the Controller

5F
590.07
#2
10/27/93

CALENDAR - ACTIONS TAKEN
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, OCTOBER 27, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

ABSENT: SUPERVISOR ALIOTO - ITEMS 1-6

CLERK: KAY GULBENGAY

DOCUMENTS DEPT.

OCT 28 1993

SAN FRANCISCO
PUBLIC LIBRARY

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- (a) File 101-92-87.1. [Release of Funds] Requesting release of reserved funds, Superior and Municipal Courts, in the amount of \$3,565,333, for the development of a new civil courthouse on the corner of Polk and McAllister Streets. (Superior & Municipal Courts)

ACTION: Hearing held. Release of \$3,565,333 approved. Filed.

2. File 97-93-56. [Courthouse Construction Fund] Ordinance amending Administrative Code by amending Section 10.117-35 thereof, to provide that payments made by the City in connection with the construction of a new courthouse may be paid from the Courthouse Construction Fund. (Also see Files 97-93-56.1 and 97-93-56.2) (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

3. File 97-93-56.1. [Courthouse Financing] Resolution approving the form of a site lease between the City and County of San Francisco, as lessor, and the City and County of San Francisco Courthouse Corporation, as lessee, the form of a lease agreement between the City and County of San Francisco Courthouse Corporation, as lessor, and the City and County of San Francisco, as lessee, the form of an assignment agreement by and between the City and County of San Francisco Courthouse Corporation and the trustee to be named therein and the form of a trust agreement by and between the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation and the trustee to be named therein; authorizing the Chief Administrative Officer to develop a plan of finance; authorizing the filing of a validation action; and ratifying certain actions, all in connection with the proposed acquisition, construction and installation of courthouse facilities and improvements and the proposed execution and delivery of up to a maximum aggregate principal amount of \$63,000,000 of certificates of participation to finance such project. (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

4. File 97-93-56.2. [Nonprofit Corporation] Resolution authorizing the incorporation of the City and County of San Francisco Courthouse Corporation and approving certain actions in connection therewith. (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

5. File 127-93-17. [Business and Payroll Expense Tax Amnesty] Ordinance amending Part III of the San Francisco Municipal Code by adding Article 17 thereto to establish a tax penalty amnesty program between December 1, 1993 and January 31, 1994, for delinquent payroll expense and business taxes, amending Article 12-A by adding Section 909.1 thereto to increase and add penalties for delinquent payroll expense taxes of January 1, 1994, and amending Article 12-B by adding Section 1013.1 thereto to increase and add penalties for delinquent business taxes as of January 1, 1994. (Supervisor Kaufman)

(Continued from 10/6/93)

ACTION: Continued to call of the chair.

6. File 166-93-4 [Delinquent Tax Collection Program] Resolution urging the Treasurer to urge the Tax Collector to establish a Delinquent Tax Collection Program to collect unpaid business taxes and fees, to conduct a public awareness campaign to educate businesses regarding the tax obligations contained in San Francisco's Revenue and Finance Business Regulations, and to provide the Board of Supervisors with a report regarding same. (Supervisor Kaufman)

ACTION: Continued to call of the chair.

7. File 7-93-16. [Municipal Railway Fare Increases] Resolution making a finding concerning proposed revisions of the San Francisco Municipal Railway fare schedule; companion measure to File 7-93-16.1. (Public Utilities Commission)

ACTION: Hearing held. Referred to Board with request that consideration of this matter be continued to December 20, 1993 pending further hearing to be held by Budget Committee on December 15, 1993.

8. File 7-93-16.1. [Municipal Railway Fare Increases] Resolution approving a revised fare schedule for the San Francisco Municipal Railway; companion measure to File 7-93-16 (Public Utilities Commission).

ACTION: Hearing held. Question divided concerning Special Youth Group Fare. (See File 7-93-16.2). Remaining consideration concerning Senior and Disabled discount fares entitled: "Approving a revised fare schedule for the San Francisco Municipal Railway; Senior and Disabled discount fares." Referred to Board with request that consideration of this matter be continued to December 20, 1993 pending further hearing to be held by Budget Committee on December 15, 1993.

File 7-93-16.2. Resolution prepared in and reported out of committee entitled: "Approving a revised fare schedule for the San Francisco Municipal Railway; Special Group Rate for Youth." Recommended to Board for consideration on Monday, November 1, 1993.

File 7-93-16.3 Resolution prepared in and reported out of committee entitled: "Making a finding concerning proposed revisions of the San Francisco Municipal Railway fare schedule; companion measure to File 7-93-16.2.

Recommended to Board for consideration on Monday, November 1, 1993.

NOTE: IT IS THE INTENTION OF THE CHAIR TO ENTERTAIN A MOTION
CONTINUE CONSIDERATION OF THE FOLLOWING ITEM (File 205-93-1):

9. File 205-93-1. Hearing to consider the management and oversight of funds generated from the War Memorial Center for veterans programs and how to maximize local programs for veterans. (Supervisor Alioto)
(Continued from 8/25/93)

ACTION: Continued to call of the chair.

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CITY AND COUNTY



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BOARD OF SUPERVISORS

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BUDGET ANALYST

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PUBLIC LIBRARY

October 25, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations.*
SUBJECT: October 27, 1993 Budget Committee Meeting

Item 1a - File 101-92-87.1

Department: Chief Administrative Office (CAO)
Superior and Municipal Courts

Item: Requesting release of reserved funds in the amount of \$3,580,000 for the development of a new civil courthouse on the corner of Polk and McAllister Streets.

Amount: \$3,580,000

Source of Funds: Courthouse Construction Fund (Surcharges on civil and probate filing fees, parking fines and criminal fines are deposited into the Courthouse Construction Fund.) The balance of this fund as of October 15, 1993 was \$10,854,162. If the requested reserved funds of \$3,580,000 are released, a balance of \$7,274,162 would remain in the fund.

Description: In June of 1993, the Board of Supervisors approved a \$3,845,822 supplemental appropriation to fund the start-up costs of a new courthouse for the Superior and Municipal Courts and placed \$3,565,333 on reserve pending selection of contractors and determination of their MBE/WBE status and detailed contract costs. This is a request to release the \$3,565,333 on reserve. In addition to the \$3,565,333 placed on reserve in June of 1993, the Superior and Municipal Courts

are requesting a release of \$14,667 (included in the \$494,000 for construction management services explained below) placed on reserve in of 1993 (File 101-92-12) to help fund construction management services for a total of \$3,580,000 (\$3,565,333 on reserve plus \$14,667 on reserve).

Currently, there are 20 Superior Court courtrooms that handle civil cases and eight Municipal Court courtrooms that handle civil cases and a jury assembly room in City Hall. There are also eight Superior Court courtrooms that handle criminal cases and 14 Municipal Court courtrooms that handle criminal and traffic cases located in the Hall of Justice. The administrative offices for the Superior and Municipal Courts are in City Hall. The Superior Court also has three temporary courtrooms at 575 Polk Street.

The CAO's Office has devised a plan for making earthquake repairs and seismic improvements to City Hall. In order to make the earthquake repairs and seismic improvements to City Hall, all occupants of City Hall, including the courthouses of the Superior and Municipal Courts, jury assembly room and administrative offices, must be temporarily moved out of City Hall. The CAO plans to permanently move the courts' facilities currently located in City Hall into a new courthouse to be constructed at the corner of Polk and McAllister Streets. The CAO estimates that new courthouse will be completed in 1996 or 1997.

The Superior and Municipal Courts and the CAO request a release of the \$3,580,000 on reserve to be used as follows:

Environmental Impact Report (EIR) (\$100,000)

A work order of \$100,000 to the Bureau of Architecture (BOA) is requested to modify the existing contract of approximately \$500,000 with Environmental Science Associates to provide an EIR for the new Courthouse using existing applicable information.

Environmental Science Associates (ESA) is not a MBE or a WBE. However, ESA proposes to subcontract with five certified MBE and WBE firms for \$36,100 of the \$100,000 or 36 percent of the anticipated work resulting in the Human Rights Commission (HRC) approving the Environmental Science Associates

contract. The proposed \$100,000 would be spent as follows:

	<u>Hours</u>	<u>Blended Hourly Rate</u>	<u>Total Cost</u>
Environmental Science Associates	700	\$84.14	58,900
Materials & Supplies			<u>5,000</u>
Subtotal ESA	700		\$63,900
<i>Subcontractors</i>			
G. Bland Platt Assoc. (WBE)			12,100
Orion Environmental (MBE/WBE)			10,000
Beverly Prior Architects (WBE)			2,500
SBB Communications (MBE/WBE)			6,000
Dolphin Graphics (MBE)			<u>5,500</u>
Subtotal Subcontractors			\$36,100
Total			\$100,000
<u>EIR Permits and Fees</u>			81,097
Work order \$81,097 to City Planning to pay the City's fees for an environmental evaluation and EIR permits.			

Construction Management (\$494,000)

Contract with Luster Construction Management, a registered MBE, to provide cost estimating, budget control, scheduling and value engineering to the design process. HRC gave Luster Construction Management preference points in the Request for Qualifications (RFQ) process and ranked Luster Construction Management number 1. The hours and hourly rates of this contract are as follows:

<u>Position</u>	<u>Hours</u>	<u>Average Hourly Rate</u>	<u>Total Cost</u>
Project Director	1,899	\$117.43	\$223,000
Project Controls Mgr.	299	80.27	24,000
Estimator	458	72.00	33,000
Structural Engineer	152	112.00	17,000
Mechanical Engineer	177	96.00	17,000
Electrical Engineer	177	96.00	17,000
MIS Mgr.	160	87.50	14,000
Code Compliance Spec.	260	77.00	20,000
Architect	125	96.00	12,000
Admin. Asst.	754	37.14	28,000
Other Costs	_____	_____	<u>89,000</u>
Total	4,461		\$494,000

Soils Engineering & Asbestos Abatement
(\$125,500)

Work order \$125,500 to the BOA through their "as needed contract" with the firm, Treadwell & Rollo, who was selected through the RFQ process to provide soils engineering and hazardous material testing. Treadwell & Rollo is neither a MBE nor a WBE but is a LBE. The hours and hourly rates of this contract are as follows:

<u>Position</u>	<u>Hours</u>	<u>Average Hourly Rate</u>	<u>Total Cost</u>
Principle Engineer	109.00	\$140	\$15,260
Associate Engineer	46.00	125	5,750
Senior Engineer	48.50	104	5,044
Project Engineer	88.00	274	24,112
Staff Engineer	87.50	73	6,387
Assistant	45.50	45	2,048
Outside Services (includes drilling, lab analysis, etc.)	_____	_____	<u>66,899</u>
Total	410.00		\$125,500

Soils Engineering & Asbestos Abatement
(\$24,220)

Work order \$24,220 to DPW's Bureau of Construction Management (BCM) to provide asbestos material testing, specifications and management on the existing buildings. The BCM would contract with SCA Environmental, a MBE firm, to provide hazardous material inspections. The hours and hourly rates and other costs of BCM are as follows:

<u>Position</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
Division Manager	5	\$77.35	\$387
Civil Engineer	20	78.90	1,578
Asst. Indust. Hygienist	<u>136</u>	<u>59.25</u>	<u>8,058</u>
Subtotal BCM	161		\$10,023
<i>Consultant</i>			
SCA Environmental			6,297
DPH Asbestos Building Survey			<u>7,900</u>
Total			\$24,220

Architectural & Engineering

Contract with a joint venture firm Hood Miller/Ross Drulis/Cavagnero-Barnes and John M.Y. Lee for \$2,685,490. Hood Miller is a certified WBE firm and would receive \$1,405,143 or 52 percent of the total joint venture contract. The joint venture was selected by an RFQ process and received HRC approval. Additionally, the Joint venture would subcontract with 15 consultants to provide the joint venture various services totaling \$69,633. The hours and hourly rates of the joint venture are as follows:

<u>Activity</u>	<u>Hours</u>	<u>Average Hourly Rate</u>	<u>Total Cost</u>
<u>Joint Venture Costs</u>			
Design & Drawings	15,186	\$80.00	\$1,214,880
Design & Drawing Support	<u>18,646</u>	78.87	<u>1,470,610</u>
Subtotal Joint Venture	33,832		\$2,685,490

The subcontractors to the joint venture are as follows:

<u>Company & Activity</u>	<u>Amount</u>
Martin Middlebrook & Louie (Structural Engr)	\$18,522
Ajmani & Assoc (MBE) (Mech. & Electrical)	23,954
TBD (WBE) (Specifications)	1,810
Antonia Bava (MBE/WBE) (Landscape)	975
Jordan & Assoc. (MBE) (Civil Engineering)	1,810
Oppenheim Lewis, Inc (Cost Estimating)	4,526
VSA & Assoc. (Audio-Visual)	1,114
VSA & Assoc. (Acoustical)	1,044
Lerch, Bates (Elevator)	1,602
Sanchez-Corea/Schiff (MBE) (Low Voltage security)	5,571
Accessible Environments (Disabled Access)	696
Sanchez-Corea/Schiff (MBE) (Code expediting)	453
TBD (Lighting, graphics and parking)	<u>7,556</u>
Subtotal Subcontractors	<u>\$69,633</u>

Total	\$2,755,183
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Total Request for Release of Reserve	\$3,580,000
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BOARD OF SUPERVISORS
BUDGET ANALYST

Comment: The Superior and Municipal Courts advise that an additional \$1,857,422 for architecture and engineering services will be requested through another supplemental appropriation ordinance.

Recommendation: Release the requested reserve.

Items 2, 3 and 4 - Files 97-93-56, 97-93-56.1 and 97-93-56.2

Department: Chief Administrative Office (CAO)

Items: Ordinance amending Chapter 10 of the San Francisco Administrative Code by amending Section 10.117-35 thereof to provide that payments made by the City in connection with the construction of a new courthouse may be paid from the Courthouse Construction fund. (File 97-93-56)

Resolution approving the form of: (1) a site lease; (2) a lease agreement; (3) an assignment agreement; and (4) a trust agreement between the City and County of San Francisco, as lessor, and the City and County of San Francisco Courthouse Corporation, as lessee, and the trustee (where appropriate) to be named in the agreement(s); authorizing the Chief Administrative Officer to develop a plan of finance; authorizing the filing of a validation action; and ratifying certain actions, all in connection with the proposed acquisition, construction and installation of courthouse facilities and improvements and the proposed execution and delivery of up to a maximum aggregate principal amount of \$63 million of certificates of participation to finance such project. (File 97-93-56.1)

Resolution authorizing the incorporation of the City and County of San Francisco Courthouse Corporation and approving certain actions in connection therewith. (File 97-93-56.2)

Amount: \$63 million

Source of Funds: Certificates of Participation would be issued and repaid using the Courthouse Construction Fund which is composed of surcharges on civil and probate filing fees, parking fines and criminal fines. The balance of this fund as of October 15, 1993 is \$10,854,162 including monies reserved to fund the new courthouse construction start-up costs.

Description: Currently there are 20 Superior Court courtrooms that handle civil cases and eight Municipal Court courtrooms that handle civil cases and a jury assembly room in City Hall. There are also eight Superior Court courtrooms that handle criminal cases and 14 Municipal Court courtrooms that handle criminal and traffic cases located in the Hall of Justice. The administrative offices for the Superior and Municipal Courts are in City Hall. The Superior Court also has three temporary courtrooms at 575 Polk Street.

The CAO's Office has devised a plan for making earthquake repairs and seismic improvements to City Hall. In order to make the earthquake repairs and seismic improvements to City Hall, all occupants of City Hall, including the courthouses of the Superior and Municipal Courts, jury assembly room and administrative offices, must be temporarily moved out of City Hall. The CAO plans to permanently move the courts' facilities currently located in City Hall into a new courthouse to be constructed at the corner of Polk and McAllister Streets. The CAO estimates that the new courthouse will be completed in 1996 or 1997.

The site of the new courthouse currently contains two buildings and one parking lot as follows: 450 McAllister -- the Department of City Planning Offices, the Pioneer Museum building, and the Polk-McAllister Parking Lot. All three sites would be demolished to accommodate the new courthouse. The City Planning Office would be relocated to offices in a City-owned building on 1660 Mission Street. The City would purchase the Pioneer Museum building. The CAO and the City Attorney's Office are currently negotiating a price with the owners of the Pioneer Museum building. There are no plans to relocate the Polk-McAllister Parking Lot, which is owned by the City.

To finance the construction of the new courthouse, File 97-93-56.2 would authorize the incorporation of a non-profit corporation, the San Francisco Courthouse Corporation, which would eventually issue up to \$63 million in Certificates of Participation (COP). COPs are similar to lease revenue bonds in that investors purchase the COPs based on the value of stream of lease payments. These COPs are paid off by the City, as lessee, through its lease payments to the San Francisco Courthouse Corporation, the lessor. Such payments would be made from the Courthouse Construction Fund. However, none of the proposed legislation would actually permit the San Francisco Courthouse Corporation to issue up to \$63 million in COPs. The San Francisco Courthouse Corporation would issue COPs at a later date and any COP issuance would require separate legislative approval of the Mayor and the Board of Supervisors.

File 97-93-56.1 would approve the form of a site lease and a lease agreement between the City and County of San Francisco and the San Francisco Courthouse Corporation in which the City would lease the new courthouse to the San Francisco Courthouse Corporation for \$1 a year. The San Francisco Courthouse Corporation would, in turn, lease the courthouse

back to the City for the amount of the annual COP payments over a 20-year period.

The form of the site lease and lease agreement does not indicate the site of the new courthouse or the lease start date and the lease term. According to the CAO's Office, the site of the new courthouse, at the corner of Polk and McAllister Streets, can not be officially designated the new courthouse site until an Environmental Impact Report (EIR) is completed. It is possible the new courthouse could be located somewhere besides the corner of Polk and McAllister. In addition, the completion date of the new courthouse has not yet been finalized. As such, the CAO's Office formulated the proposed site lease and lease agreement without specific reference to the location of the new courthouse or the lease start date and lease period.

The CAO's Office advises that the site location and the lease start date and lease period would be added to the site lease and lease agreement when they are known. When these additions are made, the CAO would resubmit the proposed site lease and lease agreement to the Board of Supervisors for review and approval.

The COP payment would depend on the amount of the COP issuance, which, in turn, depends on the cost of the new courthouse building. Based on the projected amount of revenues available in the Courthouse Construction Fund, the CAO's Office estimates that the maximum amount of COP issuance would be \$63 million. (See Comment 2 below for an analysis of the estimated project costs, Courthouse Construction Fund revenues and COP annual payments.) However, such financing arrangements, when finalized, must be approved by the Board of Supervisors under separate legislation.

File 97-93-56 would amend the City's Administrative Code to authorize using the Courthouse Construction Fund to make the lease payments and any other financing related to acquiring, rehabilitating, constructing courtrooms, or constructing a courthouse building. The Courthouse Construction Fund is composed of surcharges on civil and probate filing fees, parking fines and criminal fines and, as previously noted, currently has a balance of approximately \$10.8 million, including monies reserved to fund the new courthouse construction start-up costs.

Comments:

1. The Board of Supervisors has previously approved the use of COPs: a) to purchase the 25 Van Ness building which houses several City Departments including the Commission on Aging, the Commission on the Status of Women and the Department of Parking and Traffic's Administrative offices and; b) to acquire and construct the 1660 Mission Street building which will house the One-Stop Permit Center. According to the CAO's Office, the CAO has not encountered problems using COPs to acquire these two sites.

2. Based on a preliminary cost analysis conducted by the CAO's Office, the total cost of the new courthouse would be approximately \$68 million. However, this amount could increase as the project proceeds and additional costs are identified. These costs include design, construction, Pioneer Museum building relocation, furnishings, fixtures and equipment, and financing. The CAO intends to fund approximately \$15 million of the \$68 million project on a pay-as-you-go basis using monies in the Courthouse Construction Fund. The remaining \$53 million would be funded through COPs. Because the total cost to build the new courthouse could be greater than the current estimated cost, the CAO may issue up to \$10 million more than \$53 million, or \$63 million in COPs.

3. Based on the projected amount available in the Courthouse Construction Fund, the maximum amount of COPs that could be issued is \$63 million. Thus, the proposed resolution (File 97-93-56.1) indicates that the maximum aggregate principle amount of COPs would be \$63 million. However, if the cost to construct the new courthouse is within the current projected levels, the CAO would issue approximately \$53 million in COPs.

4. In any given year, if there is not sufficient revenues in the Courthouse Construction Fund to pay off the COPs, the General Fund would be required to pay the difference. According to Ms. Laura Wagner-Lockwood of the CAO's Office, the Courthouse Construction Fund revenue projections are conservative. Therefore, according to Ms. Wagner-Lockwood, the Courthouse Construction Fund should have sufficient funds to pay the COPs, assuming the total project costs are not such that a COP issuance of greater than \$63 million would be required.

5. Currently, because the Superior and Municipal Courts are located in City Hall, operational and maintenance expenses such as security, janitorial and utilities are funded by the General Fund, through the Department of Public Works at

approximately \$400,000 annually. If the new courthouse is built, the Courts would become responsible for those expenses. Mr. Clyde Cohen of the CAO's Office reports that operational and maintenance costs would also be approximately \$400,000 at the new courthouse building. However, since the Courts receive General Fund support, General Fund monies would ultimately be used to fund the Courts' operational and maintenance expenses. Thus, there would be no net impact on the General Fund. However, when the new courthouse is completed, the Superior and Municipal Courts would need to include funds in their budget to cover operational and maintenance expenses.

6. Mr. Jack Pizza of the City Attorney's Office advises that the proposed resolution (File 97-93-56.1) is intended to receive conceptual approval to the financing transaction from the Board of Supervisors. As previously discussed, any COP issuance or expenditures related to the construction of the new courthouse must be submitted under separate legislation to the Board of Supervisors for subsequent approval. In addition, when the new courthouse site and lease dates are finalized, these details would also be resubmitted under separate legislation to the Board of Supervisors for subsequent review and approval.

7. The Board of Directors of the San Francisco Courthouse Corporation would consist of three members. Each of the following City officials would appoint one of those members: the Presiding Judge of the Superior Court, the Presiding Judge of the Municipal Court, and the Chief Administrative Officer. According to the CAO's Office, the Board of Directors would most likely meet annually.

8. According to the City Attorney's Office, the appointments to the Board of Directors may be presented at the October 27, 1993 Budget Committee meeting. The City Attorney's Office further reports that the Board of Supervisors' approval of the proposed resolution (File 97-93-56.2) authorizing incorporation of the San Francisco Courthouse Corporation would also constitute approval of the appointments to the Board of Directors. However, the City Attorney's Office advises that any subsequent appointments to the Board of Directors would not require the approval of the Board of Supervisors.

Recommendation: The proposed two resolutions and one ordinance are policy matters for the Board of Supervisors.

Item 5 - File 127-93-17

Note: This item was continued at the October 6, 1993 meeting of the Budget Committee.

Item: Business Tax Amnesty Program

Description:

1. The proposed ordinance would add Article 17 Sections 1700 through 1706 to Part III of the San Francisco Municipal Code, to establish a tax penalty amnesty program for delinquent payroll and gross receipts taxes, and amend Articles 12-A and 12-B in order to increase and add penalties for delinquent payroll and gross receipts taxes as of February 1, 1994.

2. Under the proposed Business Tax Amnesty Program, tax penalties (currently ranging from a \$100 penalty for failure to obtain a business tax certificate to 10% of the amount of underpayment on any business tax return filed to 25% of estimated underpayments for businesses that do not file returns) would be waived. However, the delinquent tax itself, as well as interest on such unpaid taxes computed at the rate of 1% per month, would still be due and payable to the City.

3. The amnesty program would be established for all persons required to obtain a business tax registration certificate under the Municipal Code. For persons who meet eligibility requirements defined in the ordinance, the following amnesty provisions would apply:

- The Tax Collector shall waive all penalties owed for failure to pay any annual registration fee or file a return.
- The Tax Collector shall waive all penalties owed for delinquent payroll expense or business (gross receipts) taxes owed under the provisions of the Municipal Code.
- No proceeding to suspend or revoke a registration certificate shall be initiated.
- No civil or criminal action shall be brought against the taxpayer, for any tax period for which tax penalty amnesty is requested, based upon the non-reporting or under-reporting of tax liabilities or the non-payment of any taxes owed under the provisions of the Municipal Code.

4. The amnesty program shall apply to annual registration fees, payroll expense tax liabilities and business tax liabilities for tax periods ending on or before December 31, 1992 except that:

- The Tax Collector shall not waive penalties owed as a result of determinations under Administrative review made prior to the commencement of the amnesty application period (December 1, 1993);
- The Tax Collector shall not waive any penalties which are included in any civil tax collection litigation commenced by the Tax Collector prior to commencement of the amnesty application period (December 1, 1993).

5. Any person who is required to obtain a business tax registration certificate under the Municipal Code may file an application for payroll expense or business tax amnesty on or after December 1, 1993 and on or before January 31, 1994. Such persons must:

- File completed tax returns for all periods for which he or she has not previously filed a tax return or files amended tax returns for all periods for which he or she under-reported taxes owed; and
- Pay in full the taxes and interest due.

For any tax liability owed, the Tax Collector or the Board of Review may enter into installment payment agreements. If the Tax Collector finds a deficiency in any return filed under the provisions of the Business Tax Amnesty Program, then penalties shall be imposed only on the difference between the amount shown in the return and the correct amount of tax.

6. The proposed ordinance would also increase and add penalties for delinquencies, beginning on February 1, 1994 (after the amnesty program) in the following amounts:

For Unpaid or underpaid taxes:..... 20% of unpaid amount
(now 10%)

For unpaid taxes past-due for
over 90 days..... additional 20% of unpaid amount
(new penalty)

For failure to file a return or failure to
respond to a request for financial
information..... \$500
(now \$100)

Non-payment, underpayment, failure to file..... 50% of tax due,
due to fraud or intent to evade (exclusive of penalties)
(now 25%)

All increased penalties will be applied to accounts that become delinquent after the proposed amnesty program. The new penalty for amounts receivable for 90 days or more can, under the current wording of the proposed ordinance, be applied to unpaid delinquencies that exist prior to the amnesty period.

7. The Controller is unable at this time to certify increased tax revenues and related interest payments that may result from this ordinance. While tax collections may increase during the amnesty period, in contrast to prior years experience, much of that revenue may have been collected in any event through the Tax Collector's normal auditing and collection processes. Since penalties would be waived under the amnesty program, there would be an offsetting revenue loss for deficient tax filings that would have been collected by the Tax Collector if the amnesty program were not in effect.

Comments:

1. The Tax Collector states that there are presently approximately 26,000 delinquent accounts that would be potentially eligible for the amnesty program. The Tax Collector recently submitted a \$100,000 supplemental appropriation request to the Mayor's Office as the costs to implement the proposed Business Tax Amnesty Program. This \$100,000 request was reduced to \$75,000 by the Mayor's Office, including \$50,000 for advertising, \$10,000 for materials and supplies, \$3,000 for a high-speed laser printer and other computer processing activities, \$3,000 for telephone and \$9,000 for printing the necessary forms and notices. In addition, the Tax Collector estimates that a team of eight staff, including four auditors and four account clerks would be required to process the amnesty requests over a three-month period, or the equivalent of one FTE auditor and one FTE account clerk.

Since the pending supplemental appropriation ordinance for the amnesty program does not provide funds for additional staff, the Tax Collector reported to the Mayor's Office "We estimate that the cost of absorbing this program will be

approximately \$400,000 in lost revenues, which is what a full-time auditor generates annually."

However, this \$400,000 "revenue loss" represents the maximum impact on current, 1993-94 fiscal year audit collections only. Over the long term, such collections will be deferred, and not lost, since accounts that will not be audited this year will simply be audited in the future. Also, it can be expected that the amnesty program will result in a diminution of the present audit backlog since some delinquent accounts will choose to take advantage of the Business Tax Amnesty opportunity rather than the risk of a future audit. Consequently, it is the estimate of the Budget Analyst that the actual impact will be a deferral of approximately \$300,000, in the long run, as opposed to "lost revenue" which may occur in the present fiscal year.

2. Mr. Harrington reports that he would certify the \$75,000 direct costs for the proposed supplemental appropriation, since these funds should be recovered by the Business Tax Amnesty Program. Although the Controller is unable to certify additional increased revenue due to the Business Tax Amnesty Program, such a program could result in improved compliance and an increase to the business tax base if a substantial number of currently unregistered businesses use the amnesty program to become registered. The potential for an increased number of registered businesses could therefore be viewed as a long term revenue benefit resulting from the amnesty program.

3. A similar Business Tax Amnesty Program was conducted by the City of Los Angeles in 1985. Although Los Angeles' business tax collections were substantially higher for the amnesty period, costs were incurred as a result of waived penalties and diversion of business tax auditor staff time. The net gain resulting from the Los Angeles Amnesty Program, was calculated to be approximately \$13.6 million. After considering non-cash items such as estimated lost revenue due to the waiver of penalties and the diversion of revenue-producing personnel, the estimated revenue achieved amounted to approximately \$4.5 million. The table below details the benefits of the amnesty program as estimated by the City of Los Angeles.

City of Los Angeles Estimates of Business Tax Amnesty Outcome

	<u>Outcome 1</u>	<u>Outcome 2</u>
Total Amnesty Collections	\$12,485,072	\$12,485,072
Total Receivable from Installment Agreements	<u>1,366,594</u>	<u>1,366,594</u>
Total Collections/Receivables	13,851,666	13,851,666
Less: Cash Expenditures (see Note 1 below)	(290,895)	(290,895)
Non-Cash Expenditures (see Note 2 below)	<u>- 0 -</u>	<u>(9,055,259)</u>
Overall Outcome/Result	\$13,560,771	\$4,505,512

Note 1: Amnesty Cost Expenditures

Advertising	\$60,138
Personnel	206,188
Printing	1,389
Mailing Services	17,203
Computer Rental	5,000
Miscellaneous	<u>977</u>
	\$290,895

Note 2: Amnesty Non-Cash Expenditures

Lost Revenue due to Waiver of Penalties	\$6,831,240
Lost Revenue due to Assignment of Income Producing Personnel to the Amnesty Unit:	
Field Personnel Collections	326,354
Audit Personnel Assessments	<u>1,897,665</u>
	\$9,055,259

Due to the fact that the structure of the Los Angeles business tax is significantly different from that of San Francisco, this revenue benefit is not comparable to what may be realized in San Francisco. The Los Angeles program was viewed as a success in that a total of 1,500 previously unregistered businesses were added to the Business Tax base during the amnesty period.

4. The Budget Analyst notes that the body of the proposed legislation was amended to reflect the change of amnesty application dates from November and December, 1993 to December, 1993 through January, 1994 and that the new and

increased penalties to become effective February 1, 1994 instead of January 1, 1994. However, the title of the proposed ordinance has not yet been amended to reflect these changes.

5. At the direction of the Budget Committee, a letter was sent to the Tax Collector concerning delinquent account collection procedures and related matters. The response of the Tax Collector is attached to this report.

6. As reflected in the response, a total of over \$15.3 million of outstanding delinquent taxes were identified as of June 30, 1993. These delinquent taxes include Statements Filed by Businesses without including the owed Payments (\$2,442,906), Annual \$150 Registration Fee Statements sent to Businesses that have not responded (\$8,090,438) and Payments identified through the Department's Audit Deficiency Billings (\$4,813,267). Mr. Richard Sullivan of the Tax Collector's Office notes that these amounts reflect accumulated delinquent taxes from over several years. Although the \$15.3 million reflects the total amount owed to the City, Mr. Sullivan reports that data was not readily available regarding the actual number of cases or businesses that are delinquent. However, Mr. Sullivan notes that the \$15.3 million does not include any unregistered businesses, businesses that have failed to file, businesses against whom the City has begun legal action as a result of delinquent taxes, or businesses that have filed for bankruptcy. As noted in the Tax Collector's response, "the number of unregistered businesses and the taxes they owe is difficult to determine". The businesses that have failed to file are estimated at 17,875, as reflected in the attachment, based on the number of notices mailed to businesses in July, 1993.

7. On October 1, 1993, a joint Request for Proposal (RFP) was issued by the Mayor's Office, Controller's Office and Tax Collector's Office. This RFP is requesting outside contractor services to provide sales and use tax audits. According to Mr. Harrington, there are firms that specialize in these services and these are audit services that the Tax Collector does not currently conduct. In response to concerns of the Budget Committee, this RFP also requests information from the respondents concerning whether they could provide other services, such as collection agency services and identifying delinquent business tax license fees, etc.

Recommendation: Amend the title of the proposed ordinance to reflect the change of dates, as noted in Comment 4 above.

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

Thad Brown
Tax CollectorRichard A. Sullivan
Deputy Tax Administrator

August 13, 1993

John L. Taylor
Clerk of the Board
City Hall
San Francisco, CA 94102

SUBJECT: FILE NO. 127-93-17

Dear Mr. Taylor:

Pursuant to the above-referenced request, I am providing you with the following responses. The responses correspond to the item numbers contained in your letter.

1. Outstanding Delinquent Taxes and Number of Cases. As of June 30, 1993, total outstanding delinquent taxes amount to \$15,346,612 comprising of the following:

<i>Category</i>	<i>Delinquent Taxes</i>
Statements Filed without Payment	\$2,442,906
Registration Fee Statements	\$8,090,438
Audit Deficiency Billings	\$4,813,267
TOTAL	\$15,346,612

The Tax Collector's Office prioritizes delinquent tax cases and schedules collection action within the statutory time limitation.

Unregistered Businesses. The number of unregistered businesses and the taxes they owe is difficult to determine. At the present time, we are attempting to work with other regulatory agencies, i.e. Franchise Tax Board, EDD, and others to effectively identify businesses not in compliance with the City's business tax ordinance. In the past, this was a labor intensive activity handled by our Investigation and Audit staff as part of their on-going collection efforts.

Businesses Failing to File. In July 1993, the Business Tax Division mailed 17,875 determination notices to businesses who failed to file. These are businesses who had registered and had previously filed. Approximately 10% of these businesses respond to our notices and pay. The majority who do not respond are referred to field investigators or follow-up action. In our opinion, the amnesty program, if targeted to this group and the unregistered businesses, would have the impact of purging our files and adding new accounts.

2. Department's Collection Procedures. Within the Tax Collector's Office, several divisions are actively engaged in the collection function. They are the Business Tax Division, Investigation Division, Legal Division and the Bureau of Delinquent Revenue. A summary of their activities is provided below.

The Business Tax Division in coordination with the Controller's ISD, initiates the following:

- Mailing of approx. 58,000 annual registration renewal
- Mailing of approx. 30,000 statements with a balance due
- Mailing of approx. 18,000 determination notices.

In addition, the division conducts approximately 1,000 audits of businesses to ensure compliance, verify accuracy of statements filed, and follow-up of leads.

The Investigation Division functions as a support group to the Business Tax Division by:

- Locating delinquent taxpayers
- Perform filed collections through direct contact with taxpayers
- Serving legal documents and attaching liens
- Filing small claims actions.

The Legal Division is assigned the more complex cases of collection which usually require a thorough knowledge of bankruptcy law and analysis of commercial legal relationships as they typically involve closely held corporations or limited partnerships.

The Bureau of Delinquent Revenue performs the following collection functions:

- Generating automated letters to debtors
- Skip tracing bad addresses
- Filing creditor claims in escrow and bankruptcy
- Small Claims Court representation
- Filing civil suits in Municipal and Superior Courts.

3. Collection by Outside Contractors. It does not appear that collection by outside contractors would be more cost effective than internal collection officers for a number of reasons. One reason is cost. Collection agencies typically charge from 25% to 50% of receivable as their collection fee. Any out of pocket costs are in addition to their fees. In comparison, the Tax Collector's collection costs has historically been lower than outside contractors. In fiscal year 1992-93, the Tax Collector's collection costs averaged only 17.82%

Another reason it would not be cost effective is that, of the 17,875 determination notices sent to businesses who had failed to file, over 90% may not owe any taxes except the \$150 registration fee and the \$100 penalty. (The determination for each of these businesses is necessarily over \$2,500 due to the small business exemption.) Consequently, it is doubtful if any collection agency would want to service these delinquent accounts.

While the Amnesty Program presents the greatest potential for revenue addition to the City from the unregistered group of businesses, again it is questionable whether an outside collection agency could identify and locate them without knowing which ones are already registered and without the benefit of an audit deficiency or judgement.

Since the Tax Collector's Office, through its divisions, is currently taking active collection efforts on all known delinquent accounts and has the expertise to efficiently and cost-effectively to pursue them, it is doubtful that an outside collection agency would have any cost advantage.

4. Utilization of Additional Positions. The Tax Collector's Office recently lost 16 positions. Most of the positions lost were clerical and accounting staff who handled the billings, renewals, payment posting, delinquent billings, reconciliations, and many other activities associated with collections. As a result of losing so many positions we will have to reassign field investigators, collection officers, and auditors to cover many of our routine clerical and accounting activities. The consequent loss of revenue from their primary activities will impact the City substantially. A month ago, we made a preliminary projection that our delinquent collections for fiscal year 1993-94 will be delayed, and possibly reduced, by a minimum of \$5.6 million, based on these reassignments.

The restored positions will be used to handle some of this work, which will enable the auditors, investigators and collection officers who would have been reassigned to concentrate their efforts on revenue-generating activities. By using the positions in this manner, we can gain back at least some of the projected revenue delay or loss.

Thank you for the opportunity to provide the above information.

Sincerely,



Thad Brown
Tax Collector

cc: Carole Migden, Budget Committee Chair
Tom Hsieh, Supervisor
Angela Alioto, Supervisor
Harvey Rose, Budget Analyst
Mary Callanan, Treasurer
Ed Harrington, Controller

Item 6 - File 166-93-4

Department:

Tax Collector

Item:

Resolution urging the City Treasurer to urge the Tax Collector to establish a Delinquent Tax Collection Program to (1) collect unpaid business taxes and fees, (2) conduct a public awareness campaign to educate businesses regarding the tax obligations contained in San Francisco's Municipal Code regarding revenue and finance business regulations and (3) provide the Board of Supervisors with a report regarding same.

Description:

The proposed resolution would urge the City Treasurer to urge the Tax Collector to establish a new Delinquent Tax Collection Program. In accordance with the proposed legislation, this Program would include, but not be limited to (1) participation in the Franchise Tax Board Offset Program; (2) use of current technologies to allow the City to take advantage of other agency data bases; (3) mailing notices to the 15,000 unregistered businesses in the City; and (4) a campaign and outreach program to educate businesses, both small and large, regarding the requirements of the San Francisco tax code.

The proposed resolution would also require the Tax Collector to provide the Board of Supervisors with a report on March 1, 1993, as to the status of this new Program that provides details of the Delinquent Tax Collection Program, including the overall collection rate per average dollar of unpaid taxes and fees and an evaluation of the outreach campaign with statistics comparing the number of taxpayers before and after the Program.

Comments:

1. Mr. Richard Sullivan of the Tax Collector's Office notes that there are not 15,000 unregistered businesses in the City, as noted in page 2, line 4 of the proposed legislation, but, rather there are 15,000 businesses which have failed to file Annual Statements regarding their annual business taxes with the Tax Collector's Office. Therefore, the proposed legislation should be amended to reflect this change.

2. Mr. Sullivan also notes that on page 2, line 19, the proposed legislation should reference the Franchise Tax Board's Centralized Debt Collection Program, rather than the Franchise Tax Board's Offset Program. According to Mr. Sullivan, the Franchise Tax Board's Offset Program, which the City already participates in, enables the City of

BOARD OF SUPERVISORS
BUDGET ANALYST

San Francisco, after submitting a list of delinquent business names to the Franchise Tax Board, to receive an offsetting amount of State income tax refunds that may be due to these businesses. However, the Franchise Tax Board's Centralized Debt Collection Program is a new tax collection tool, which was recently approved by the State Legislature. This Centralized Debt Collection Program will enable the State to identify assets or garnish wages of individuals, based on a list of delinquent taxpayers submitted to the State Franchise Tax Board by the City and County of San Francisco. Mr. Sullivan notes that the proposed legislation should be amended to reflect the inclusion of this new Centralized Debt Collection Program, which the City does not yet participate in.

3. Mr. Sullivan also notes that San Francisco does not have a separate Tax Code. Instead, the City's tax provisions are included in the City's Municipal Code. Therefore, page 2, lines 23 and 24 of the proposed legislation should be amended to read "the San Francisco Municipal Code's tax provisions and the requirements therein", rather than "the San Francisco tax code and the requirements therein".

4. The proposed legislation also states that the Tax Collector must provide a report to the Board of Supervisors on March 1, 1993. The date should be amended to March 1, 1994.

5. Mr. Sullivan reports that although the City currently has a Delinquent Tax Collection Program, the proposed Program would be a more encompassing Program than the existing Program. According to Mr. Sullivan, under the existing Program, the Tax Collector's Office handles individual delinquent business taxes on an individual basis. Under the proposed Delinquent Tax Collection Program, a notice would be sent to all delinquent businesses and a widespread advertising campaign would be included. A supplemental appropriation for \$75,000 for the Tax Collector's Office is currently pending before the Board of Supervisors, including \$50,000 for advertising, \$10,000 for materials and supplies, \$3,000 for a high-speed laser printer and other computer processing activities, \$3,000 for telephone and \$9,000 for printing the necessary forms and notices.

Recommendations:

Amend the proposed resolution as follows: (1) Page 2, line 4 to read 15,000 businesses who failed to file their Annual Statements; (2) Page 2, line 19 to read Franchise Tax

Memo to Budget Committee
October 27, 1993

Board Centralized Debt Collection Program; (3) Page 2, lines 23 and 24 to read the San Francisco Municipal Code tax provisions and the requirements therein; and (4) Page 3, line 1 to read March 1, 1994.

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 7 and 8 - Files 7-93-16 and 7-93-16.1

Department: Public Utilities Commission (PUC)
Municipal Railway (MUNI)

Items: Resolution making a finding concerning proposed revisions of the San Francisco Municipal Railway fare schedule (File 7-93-16).

Resolution approving a revised fare schedule for the San Francisco Municipal Railway (File 7-93-16.1).

Description: Item 8 is a proposed resolution (File 7-93-16.1) that would approve the two following new fares to the Municipal Railway Fare Schedule:

Discount Fares for Seniors (Individuals at least 65 years of age) and Disabled Individuals:

<u>Fare Category</u>	<u>Proposed Fare Amount</u>
Day Pass	.60

Special Group Rate for Youth - Available for individuals 5 through 17 years of age (ages one through four are free), when (1) accompanied by an adult; (2) with a minimum of ten youth using this rate; and (3) requested in advance from the Municipal Railway.

<u>Fare Category</u>	<u>Proposed Fare Amount</u>
Group Rate for all Day Use	\$.70

The two proposed new fares would become effective approximately December 1, 1993.

Item 7 is a companion resolution (File 7-93-16) that, in accordance with Section 2.25 of the City's Administrative Code, makes a finding that the proposed fare revisions will not significantly affect MUNI revenues and will not be sufficient to pay for all Municipal Railway costs without requiring a tax subsidy.

Comments:

1. The Public Utilities Commission has submitted these resolutions pursuant to Section 3.598 of the City Charter, which requires Board of Supervisors approval of all MUNI fare revisions.

2. Based on a review of the FY 1993-94 budget for MUNI and the proposed revenues to be generated by the proposed two new fare categories, the Budget Analyst concurs that the proposed fare revisions will not be sufficient to pay for all MUNI costs without requiring a tax subsidy. In FY 1993-94, MUNI will receive an estimated \$91 million in General Fund monies from the City.

3. As reflected in the attached letter from the Mayor to the PUC, the proposed \$.60 day pass fare for seniors and disabled MUNI riders was recommended by the Mayor's Office, based on meetings with the Senior Action Network. Ms. Kathleen Kelly of the PUC reports that the senior and disabled day passes would be available to be purchased on-board MUNI vehicles, from the driver.

4. According to Ms. Kelly, in response to requests from various schools and other groups transporting youth in the City, the PUC staff proposed the new Special Group Rate for Youth. The proposed \$.70 day pass for youth would only be available to youth between the ages of 5 and 17 years of age if all three conditions were met: (1) accompanied by an adult; (2) minimum of ten youth; and (3) requested in advance from MUNI.

5. The proposed senior and disabled \$.60 day pass is less than two times the regular senior and disabled fare of \$.35 (two times the regular fare is \$.70). In contrast, the proposed \$.70 day pass for youth is double the regular \$.35 youth fare, but, as noted above, is only available in limited group situations. In further contrast, the MUNI adult day pass that was recently approved by the Board of Supervisors costs adult riders \$2.25 per day, or \$.25 more than two times the regular adult fare of \$1.00. The Budget

Analyst notes that there does not appear to be a consistent method to setting the various day pass fares.

6. The Budget Analyst also notes that the adult day passes cannot be purchased on-board MUNI vehicles, but rather must be purchased through specific outlets throughout the City. Ms. Kelly reports that the convenience of selling elderly and disabled day passes on-board MUNI vehicles is being proposed because it is felt that the senior and disabled population would have greater difficulty getting to the various day pass outlets. Ms. Kelly reports that the drivers will require proof of senior or disabled identification prior to selling the pass and the passenger must have exact change to purchase the day pass. Ms. Kelly acknowledges that selling of the elderly and disabled day passes on-board MUNI vehicles may place an additional burden on MUNI drivers.

7. Ms. Kelly estimates that it will cost approximately \$7,000 per month to print the necessary senior and disabled day passes. Assuming an effective date of December 1, 1993, it is estimated to cost \$49,000 in fiscal year 1993-94 to print the senior and disabled day passes. On an annualized basis, the senior and disabled day passes will cost approximately \$84,000.

8. According to Ms. Kelly, these costs assume 25,000 day passes will be available each day, to be distributed among the approximately 1,000 MUNI vehicles, or an average of 25 day passes per vehicle. Given the nature of these passes, those passes not used on a given day would have to be destroyed. The Budget Analyst estimates that MUNI would have to sell a minimum of 388 day passes every day, at the proposed fare of \$.60 per pass (\$7,000 per month divided by 30 days divided by \$.60 fare), in order to simply cover the cost of printing these senior and disabled day passes.

9. Given the restrictions and the advanced notification requirements on the proposed \$.70 Special Group Rate for Youth, Ms. Kelly does not anticipate that MUNI will incur any significant additional costs from this new fare.

10. According to Ms. Kelly, since October 1, 1993, when MUNI transfers were officially eliminated, seniors and disabled riders have been able to transfer without paying after the initial fare is paid. Under the current rule, if senior or disabled passengers tell a MUNI driver that they have already paid once, and are transferring to the

vehicle, the driver will let those passengers ride for free. This free transfer provision for senior and disabled riders has not been factored into MUNI's revenue projections for this fiscal year.

11. Ms. Kelly acknowledges that it is difficult to determine the impact of the two proposed fare changes on MUNI's revenues. There will be a loss of revenue, if senior and disabled passengers that were originally assumed to pay two separate \$.35 fares if they transferred or took two single trips now purchase the new day passes at the discounted \$.60 fare. However, Ms. Kelly is unable to determine the number of passengers that will purchase the new day passes. Furthermore, this loss of revenue will be coupled with the additional \$49,000 cost of printing the senior and disabled day passes in 1993-94. However, given that senior and disabled MUNI passengers are currently transferring for free, it is anticipated that the proposed new senior and disabled day pass may result in additional revenues for MUNI, the amount of which cannot presently be determined.

Recommendations:

Approve the proposed resolution which finds that MUNI will require a tax subsidy if the proposed fare revisions are approved by the Board of Supervisors (File 7-93-16).

Approval of the proposed resolution revising MUNI fares is a policy matter for the Board of Supervisors (File 7-93-16.1).

Office of the Mayor
SAN FRANCISCO



FRANK M. JORDAN

October 12, 1993

Honorable Kay Yu
President, San Francisco Public Utilities Commission
City Hall, Room 287
San Francisco, CA 94102

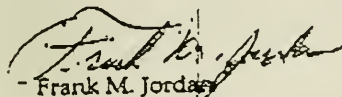
Dear Commissioner Yu:

As you know my office and the PUC have been working with the Senior Action Network on developing a discount day pass for members of both the disabled and senior communities. Last month, I extended the grace period for these two groups to transfer without paying a second time until the PUC and the Board of Supervisors can rectify this matter later this month.

At our last meeting with members of the Senior Action Network, it was proposed that a discount day pass for seniors and disabled should be established at a rate of \$.60. This fare is less than two times the regular boarding fare for these two groups. I believe this is a fair compromise and I seek your commissions endorsement of this new fare. Thank you again for all your assistance in negotiating with these groups on a fare package which best serves those who need Muni's service.

Thank you in advance for your action on this matter.

Sincerely,


- Frank M. Jordan
Mayor

cc: Honorable Members of the Public Utilities Commission
Honorable Members of the Board of Supervisors
Mr. Anson Moran, Acting General Manager, Public Utilities Commission

Item 9 - File 205-93-1

Note: This item was continued at the August 25th, 1993 Budget Committee meeting.

1. This item is a request to consider the management and oversight of funds generated from the War Memorial Center for veterans programs and how to maximize local programs for veterans.

2. In 1918, a group of San Francisco citizens became interested in constructing a Symphony Hall, which was then expanded to include an Opera House and an Art Museum. During the next two years, an option was purchased for the lot bounded by Hayes, Franklin, Grove and Van Ness (the current site of Davies Symphony Hall). In 1920, members of the newly-formed American Legion suggested that the project be designated as San Francisco's War Memorial. This idea was accepted and a public City-wide fund drive for this effort raised over \$2 million. The Regents of the University of California were designated as Trustees for these subscribers.

On August 19, 1921, a formal trust agreement was signed between the Regents of the University of California and the leaders of the initial group of citizens, who were designated as Trustees of the War Memorial. (In 1930, the City agreed to take over the Regents' responsibilities under the Trust.) When this Trust Agreement was established, it was thought that three buildings would be constructed using the \$2 million in subscriptions. The Trust Agreement named two organizations — the San Francisco Art Association (now the Museum of Modern Art) and the San Francisco Posts of the American Legion — to occupy two of the buildings. Preferential right for use of the third building, a theatre or auditorium, was given to the Musical Association of San Francisco (now the San Francisco Symphony).

3. The San Francisco Posts of the American Legion established an American Legion War Memorial Commission (ALWMC), which now consists of one representative from each post, to carry out the provisions of the Trust Agreement for the ALWMC.

4. The responsibilities of the San Francisco Posts of the American Legion and the Museum of Modern Art, according to the Trust Agreement, include: (1) to perform all interior upkeep and repair (Section 9(d)); and (2) to pay for all heat, light, gas, electricity, water, steam or other public utility used on their premises, and for all janitor and elevator service (Section 9(l)). Both organizations are exempt from rent payments to the City (Section 9(a)). The Museum of Modern Art currently reimburses the War Memorial and Performing Arts Center for its utility and elevator costs, and provides its own janitorial staff and services. The ALWMC does not pay these costs, even though the Trust Agreement specifically states that such costs are the obligation of the ALWMC. Also, the War Memorial supports maintenance and upkeep services for the entire Veterans Building, such as engineers' and gardener's salaries.

5. According to Ms. Beth Murray of the War Memorial and Performing Arts Center, pursuant to a 1977 agreement between the War Memorial Board of Trustees and ALWMC, the War Memorial and Performing Arts Center provides an annual payment to the ALWMC to cover the costs of the ALWMC's administration, currently at \$20,000 per year. In exchange, the ALWMC has granted the War Memorial Board of Trustees the exclusive right to manage, control and derive revenue from the Veterans Auditorium (now the Herbst Theatre) and the Green Room. This agreement also provides for an annual payment of \$6,000 to the American Legion War Memorial Commission from the Museum of Modern Art in exchange for space in the Veterans Building, which space was relinquished by the ALWMC to the Museum in 1977.

6. The ALWMC is empowered, according to the Trust Agreement, to provide headquarters for "Veterans of the Mexican War, Grand Army of the Republic, Spanish-American War Veterans, and such other patriotic organizations as said San Francisco Posts of the American Legion may from time to time desire to install." In other words, the ALWMC may grant space in the Veterans Building to veterans organizations other than San Francisco American Legion Posts. According to Mr. Charles Oswald of the American Legion, approximately one-half of the first floor of the Veterans Building is allocated to veterans organizations for office space, including Disabled American Veterans, Veterans of Foreign Wars, Swords to Ploughshares, and Jewish War Veterans. The second floor of the Veterans Building, other than the Green Room, is devoted to meeting rooms for veterans and veterans organizations.

7. It is currently the responsibility of the ALWMC to allocate space in the Veterans Building and to schedule meetings in the second floor meeting rooms. The \$26,000 in total annual funds received by the ALWMC from the War Memorial and the Museum of Modern Art (see Comment 5) support a part-time office manager and operating expenses (such as telephone, postage, copy service, and bank fees) to execute these scheduling and space allocation responsibilities.

8. According to Dr. Paul Hardman, the Alexander Hamilton Post representative on the American Legion War Memorial Commission and a member of the Mayor's Veterans Affairs Council, the subject of the proposed hearing should read "War Memorial Commission" (i.e., American Legion War Memorial Commission), not "War Memorial Center."

9. Dr. Hardman states that the American Legion has not allocated resources as effectively as possible for the benefit of San Francisco veterans. According to Dr. Hardman, veterans organizations are not always granted space in the Veterans Building. Dr. Hardman alleges that the funds provided by the City to the Commission are used for other than legitimate purposes.

10. Based on financial summaries provided by the American Legion, the Budget Analyst was unable to support this allegation. (\$17,100 of the American Legion's total \$28,357 budget supports a part-time office manager. This \$17,100 represents 60.3 percent of the American Legion's total budget of \$28,357 and 85.5 percent of the City's \$20,000 support.)

11. Dr. Hardman advises that the Mayor's Veterans Affairs Council would be a more appropriate agency to administer the Trust Agreement than the American Legion War Memorial Commission, since: (1) the Veterans Affairs Council is a City agency; (2) members of the Veterans Affairs Council must be San Francisco residents, while American Legion Post representatives to the War Memorial Commission are not always San Francisco residents; and (3) the Veterans Affairs Council would operate more efficiently with minimal City funds.

Whether or not the Veterans Affairs Council would allocate resources more appropriately in the Veterans Building than the American Legion War Memorial Commission is irrelevant, however, according to a June 1, 1987 published opinion by the City Attorney. This opinion answered the question "May the War Memorial Board of Trustees order that the American Legion War Memorial Commission be dismantled and no longer act as agent for the San Francisco Posts of the American Legion with respect to use of space in the War Memorial Veterans Building dedicated to the Posts by the Board?" In response, the City Attorney wrote: "The War Memorial Board of Trustees may not order that the American Legion War Memorial Commission be dismantled and no longer act with respect to use of space."

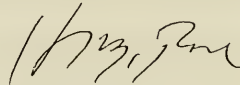
12. According to Section 3.610 of the San Francisco Charter, the Board of Trustees of the San Francisco War Memorial shall have charge of the construction, administration and operation of the War Memorial and of the grounds set aside therefor. The Charter does not indicate that the War Memorial Board of Trustees should have any responsibility for local programs for veterans. Also, the Trust Agreement does not mention any responsibility for local programs for veterans to be provided by the Board of Trustees or the San Francisco Posts of the American Legion. The Trust Agreement provides that the San Francisco Posts of the American Legion may occupy the Veterans Building, and may provide space to other patriotic organizations at its pleasure.

13. In conclusion: (1) the Budget Analyst was unable to find evidence that management and oversight of funds provided by the War Memorial Board of Trustees to the American Legion War Memorial Commission has been inadequate; (2) according to a published opinion by the City Attorney, the War Memorial Board of Trustees may not order that the American Legion War Memorial Commission be dismantled and no longer act as agent for the San Francisco Posts of the American Legion with respect to use of space in the War Memorial Veterans Building; and (3) it is not the responsibility of the War Memorial Board of Trustees, nor is it the responsibility of the American Legion War Memorial Commission, to provide local programs for veterans.

14. The Budget Analyst attempted to contact Dr. Hardman in connection with the Budget Committee meeting of October 27, 1993 for purposes of requesting Dr. Hardman to submit written documentation of his allegations. However, we were advised that Dr. Hardman is out of town until December 1, 1993.

Memo to Budget Committee
October 27, 1993

15. As reflected on the October 27, 1993 Budget Committee calendar, it is the intention of the Chair to entertain a motion to continue this item.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Theresa Lee
Ted Lakey

